MARCH 1960 / 50 CENTS

AMERICAN BUSINESS

BETTER MANAGEMENT THROUGH OFFICE IMPROVEMENT

What's the Essential Executive Quality? page 6

Salesmen Feel Part of Lonely Crowd page 10

Automation Demands Good Handwriting page 17

Beware of Secretary-Boss-Wife Triangle page 30

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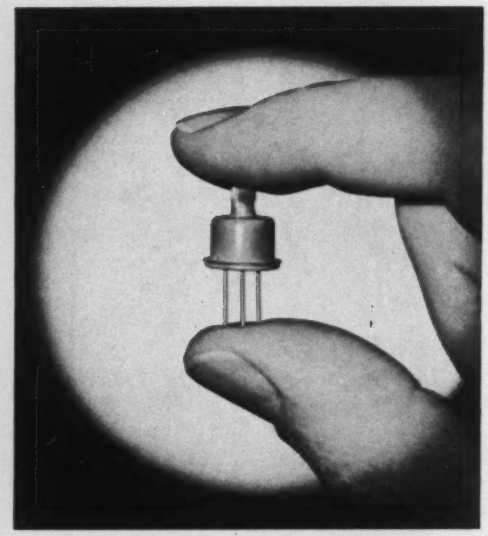

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AMERICAN BUSINESS

BETTER MANAGEMENT THROUGH OFFICE IMPROVEMENT

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MARCH 1960

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THE EDITOR'S CORNER

THIS space in the January issue contained comment about the perils that could arise from a preoccupation with office machines as *machines*. It was suggested that the very speed and productivity of these devices tended to obscure the fact that they are nothing more than willing slaves—high-grade morons that require careful supervision and detailed instructions.

Several readers disagreed, labeling my observations "negative" and "incomplete."

Well, one man's facts are another's nonsense. It was, therefore, quite comforting to hear an unassailable authority assail the misuse of electronic computers and other beguiling management techniques. At Illinois Institute of Technology's annual Industrial Management Engineering Conference, Dr. John M. Allderige, the highly respected Cornell professor and management consultant, warned that management is becoming lost in a maze of mathematics and in ever-greater complexity.

Mighty Mimics

He described the massive flow of information as "detailed mimicry" and noted that "the larger the computers, the faster they get, the more detailed the mimicry, and the more attention is spent on the noises rather than the signals."

He then delivered this blockbuster: "Massive computer simulations, overwhelmingly detailed data-processing systems, and highly refined mathematical models can be blocks to progress, both in the money they can cost and the knowledge they can retard by all that clutter."

What has the good professor so exercised is righteous anxiety over the misuse of powerful tools and the proportionate downgrading the importance of human intelligence, toil and, yes, even tears. He called for insights, not onslaughts in which the computer is used as a bludgeon.

Complexity for complexity's sake will not be easy to eschew for a couple of powerful reasons. One is the condition common to the twentieth century: the availability through scientific development of tools and techniques that exceed man's ability to make intelligent use of them.

The other is the addiction of many American businessmen—especially at the staff and/or middle-management level—to fads and gimcracks. Somewhat more innocent examples of this faddism are Taylor's "scientific management," "human relations," psychological testing and, for the lack of a better word, "consultantitis."

Every informed, balanced person will agree that Frederick Taylor made useful contributions to management, that the old master-servant concept of employee relations was dangerously obsolete, that psychological tests are essential for sound employee selection, or that the broad experience and objective viewpoint of a good consultant firm are frequently worth ten times its fee, however huge.

Keeping Balanced

As in all things, moderation and proper application are essential. Those of us who are anxious that American businessmen take advantage of the electronic computer fear that immoderate reliance and improper use may delay the day when this machine comes into its own. The "hardware" is ready. The "art" of its use is not so widespread.

Some years ago I rode up to West Point on a Hudson River boat to see a football game. The old scow drew only a few feet of water so its great freeboard and superstructure made it somewhat unstable. As various points of interest were passed, passengers would crowd the rail. To keep his craft from capsizing, the skipper would signal with a whistle. Whereupon everybody would rush over to the *other* side.

The danger of management fads is that they can lead to disillusionment and eventual abandonment of helpful tools and techniques.

Charles F. Johnson

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EDITOR
Charles F. Johnson

MANAGING EDITOR
J. Allan Rhea

CONTRIBUTING EDITORS
Marilyn French, *Women in Business*
Robert B. Ross, *Marketing and Sales*
Edward M. Ryan, *Personnel Relations and Executive Development*
Christopher M. Weld, *Office Management and General Administration*

Production Manager, Stanley C. Kolba
Circulation Manager, W. A. Freeman
Advertising Manager, Gilbert H. Tansey

EDITORIAL AND ADVERTISING OFFICES
Dartnell Building
4660 Ravenswood Ave.
Chicago 40, Ill.
LOngbeach 1-4000

OTHER ADVERTISING OFFICES
New York Telephone: Enterprise 6245
Los Angeles Blanchard Nichols Associates, 633 S. Westmoreland Ave., DUnkirk 8-6134.
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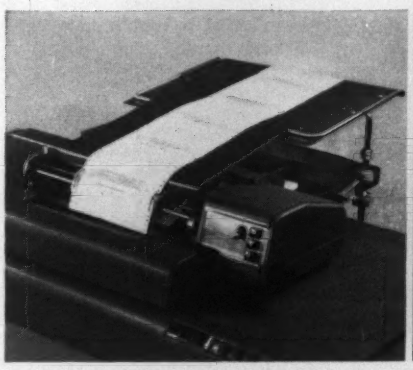

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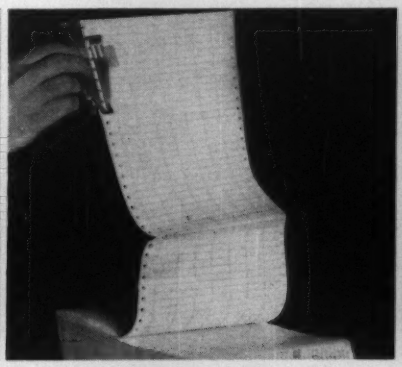

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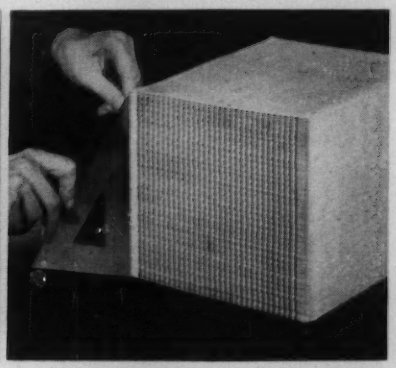

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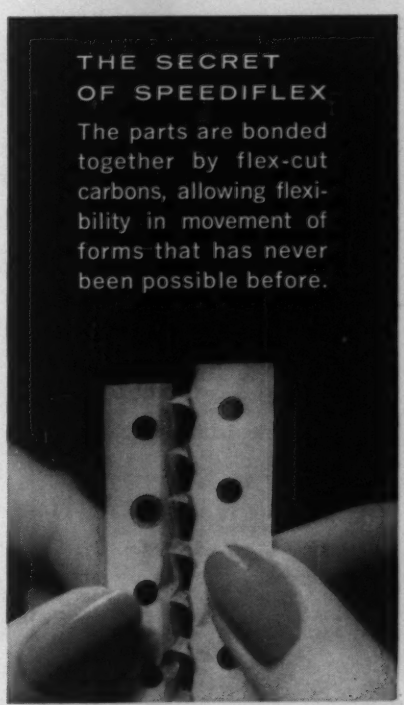
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LETTERS FROM READERS

Five Big Problems

In the world of management it is very lonely at the summit. Few know how onerous and burdensome are the responsibilities of the man at the top.

This burden is due to the necessity of the manager having—

To think and plan

To manage

To inspire

To reward or punish

To replace or renew

Management is not alone in their obligation to *think* but their thoughts have special characteristics. They have to think out instructions and this means posing questions and finding answers. They must, therefore, find the right questions to ask.

A man of action must turn from the bustle of current activity and initiate and evaluate plans for the future. This demands a complete change in his mental character and outlook. There is no great strain in switching from problem to problem in the same group, but to change from active to passive; to resolve forces and possibilities that may be crystallized or focused into precise, workable, and profitable plans—all this requires mental and moral qualities.

The interdependence of strategy, tactics, logistics, and leadership clearly imposes mental and normal management burdens which can only be carried with efficiency and comfort by the few. If ways of relieving this strain can be found, then a large number of good managers will perform with at least equal merit but over a longer period and with greater comfort.

The second burden is that management has to *manage*. To do this efficiently the manager must have knowledge, experience, decision, and authority.

Third, management must *inspire*. This is the essence of true leadership. It presupposes intense personal conviction.

To enthuse others the manager himself must burn with undeniable enthusiasm.

It is obvious that such dynamic management demands the vigour and confidence of youth. Either the older men in management must retain or recapture these capacities, or they must step aside in favour of younger men.

To produce the fullest result the manager must have a complete mastery of communication. But in addition to ensuring that his communications are received, understood, and acknowledged, he should also see they are appreciated. This may best be achieved by explanations not only officially to his immediate subordinate managers, but also unofficially to the rank one step further down.

Appreciation that orders are not merely the whim of the immediate boss adds greatly to the coherence of the management team and prepares the way for the delegation which is so desirable but which may be unnecessarily dangerous in the absence of adequate coherence. This "leapfrogging" downwards also breeds two-way respect which assists in making promotion the relaxed exercise it ought to be.

The fourth burden—the duty to *reward* or *punish*. There is no task more onerous and burdensome than that of judging the conduct, capacity, and performance of another. Only those who have experienced this situation know with what reluctance this duty is undertaken. To fulfill these duties a manager must be mature, knowledgeable, logical, calm, and impersonal. He must differentiate between the important and trivial, visualize relationships between cause and effect, assess personality while evaluating performance. The evaluation made, he must decide the reward or punishment.

With punishments, all must be given with obviously sincere reluctance. But the manager who is sincere will always bear some of the burden of the punishment for most managers are sensitive, imaginative, and sympathetic people behind the facade of their authority.

Lastly, the burden of looking to the future so that management will be in a position—to *replace*.

It is clear that management must be renewed. It is equally clear that business is becoming more and more complex. The quality of management must be improved—and this will not just happen.

Furthermore, management must display care, patience, and wisdom in absorbing recruits into the management team. These colts ought to be thoroughbreds.—HAROLD WILMOT, *board chairman, Beyer Peacock Group, London, England.*

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Executives Who Succeed Have One Thing in Common:

BY *Ray E. Brown*

(Part Four of a series on the nature of administration)

JUDGMENT is the most prized attribute sought in the administrator. It is the attribute most commonly mentioned when references are sought, or given, on individuals under consideration for an administrative position. The same is true when people discuss the performance of an administrator.

Under such circumstances judgment is used as a covering term that sums up the effectiveness of the individual administrator who is being evaluated. It is considered as a sort of integration of all the other characteristics that the individual possesses.

The importance assigned to judgment in administration is well placed. The administrator is a practitioner and all practice depends upon the use of judgment. This is why one speaks of the judgment exercised by the practitioner as being something that the practitioner uses. It is something that he uses in every act that he takes. Judgment is not all that he uses but it always guides his use of whatever else he does use.

All Administrative Acts Contain Judgment

The pervasive role of judgment is so well recognized that we tend to evaluate the total administrative performance in terms of judgment. Knowing that judgment is one element that is always present in any act of the administrator, we are likely to credit, or blame, all his actions to good, or bad, judgment. This is never fully correct but it is sufficiently descriptive to provide a stranger with an idea of the particular administrator's competence.

Judgment is the result of a highly complex psychological process that has never been clearly defined by psychologists. An understanding of the process, however, apparently is not necessary in order to exercise good judgment. Some individuals consistently demonstrate a high level of good judgment and every normal individual demonstrates a good bit of it. If this latter were not true we could not conduct even our private, everyday affairs. The consequences of judgment in the private everyday life of the individual usually go unnoticed because they do not affect too many people in an important way.

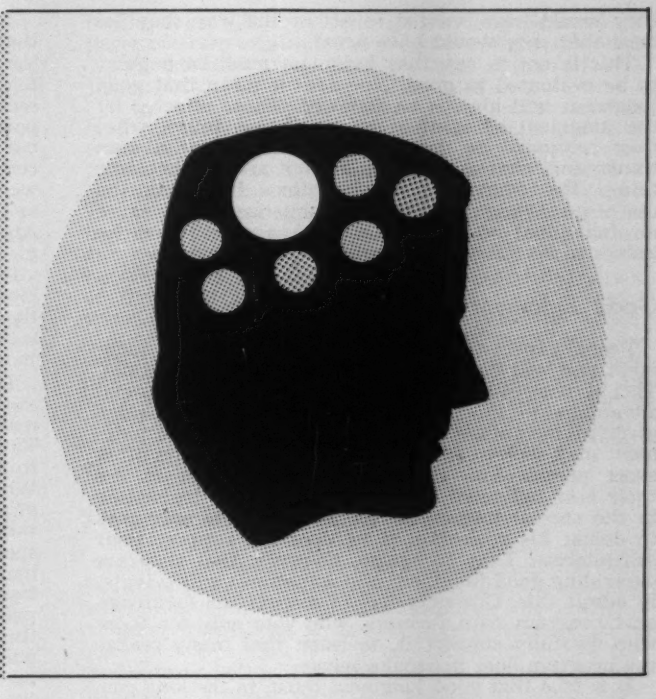
Administrative judgment, on the other hand, is much more closely observed because it has important consequences on other people. The people affected by the administrator's decisions are not the same people all the time. Neither are they the same people from the same interest groups each time. They may be subordinates, colleagues, superiors, owners, customers, and any number of different segments of the public. This means that the administrator has a number of report cards on his judgment. He is not given credit for the good grades on one card if his grade average is lowered by poor grades on other cards. Each act of the administrator is treated almost the same as a final exam. Somebody gives great emphasis to each act and even a single error in judgment may wreck the administrator's career. This is one reason why it is so important that the administrator exercise good judgment even though he does not really know very much about the process that produces it.

While this writer cannot speak with any greater authority than the psychologists on the psychological mechanisms employed in exercising judgment, he has observed closely the various facets on which the following observations are based.

In general, there seems to be no close relationship between the level of intelligence and the level of judgment. Within the range of ordinary intelligence, individuals vary widely as to the sort of judgment they demonstrate. This variation is doubtlessly due to factors other than intelligence. Very high intelligence seems to neither raise nor lower the level of judgment exhibited by individuals.

Also, there does not seem to be any positive correlation between creativity, or inventiveness, and judgment. Actually, whatever correlation that exists can be said to be inverse. There seems to be some likelihood that the highly creative person will err more often in the use of judgment than will the more ordinary person. There are logical reasons why this should be true. Persons who are highly creative are that way because they strive to see things differently

GOOD JUDGMENT



from the way things are usually seen. This means they are prone to be out of step with accepted ideas, even on matters outside their field of competence, and thus their judgment would reflect such out-of-stepness.

Bad Judgment May Succeed

The fact that individuals who possess a high level of creativity may not score high on judgment is in no way a reflection on the importance of those individuals to the enterprise with which they are associated. They are the most precious assets of the enterprise if their abilities are meaningfully and productively utilized in behalf of the enterprise. What it does mean is that creativity and judgment are two different things and that they may be more incompatible than compatible. Since good judgment is an imperative of good administration it suggests that the administrator tends to develop a logical, rather than an inventive, frame of mind.

The good administrator, of course, must be imaginative and must possess a high order of conceptual skill. But these are putting-together skills, rather than discovery skills, and are probably themselves important elements of the judgment process. The field of industry offers numerous examples to demonstrate the dichotomy of creativity and administrative effectiveness. Seldom has the inventor been able to administer successfully the enterprise founded on his invention. Often the enterprise is highly successful for the short duration that the new product's superiority outdistances the effects of most any way the enterprise might be administered. Later, either growth of the enterprise, or of competitive products, creates problems that result in loss of administrative control and sometimes of ownership.

The matter of out-of-stepness with generally accepted views was mentioned earlier as a coordinate of bad judgment. This idea needs more detailed examination for it may help to define the difference between good and bad judgment in administration. The judgment of an individual can be determined only by his actions—what he does or does not do in a given situation. As will be pointed out later, what an individual does may not always represent his best judgment but it represents the only judgment that can be evaluated.

Contrary to what we might think, the degree of success of the individual's action is not the sole determinant of the evaluation placed on his judgment. The administrator of a ship company, for instance, may order one of the ships to make a final trip up the Great Lakes that will extend beyond the usually accepted date for safe, ice-free passage. The fact that an unusual break in the weather may have permitted the ship to complete the trip will not prevent the act from being classified as one of bad judgment. It will be said that the administrator "got away" with it. Likewise, a freak storm that destroys a ship in the period of usually good weather will not cause the act to be charged to bad judgment. It will probably be said that the administrator was the "victim of circumstances."

Judgment Need Not Be "Popular"

Judgment is largely evaluated on the basis of what an informed person would have done under similar circumstances. This fact is borne out in the dictionary definition of judgment as being "good sense" and "discretion." These terms imply an action appropriate to the situation that confronted the individual. It does not mean "popular" nor does it mean "unimaginative." Neither does it mean "arbitrary" nor "foolhardy." It does indicate some sort of consensus as to what would have made good sense under the circumstances. This is perhaps why the term "commonsense" is used interchangeably with good judgment.

This commonness feature as related to good judgment is quite important to the leadership elements of administration. The purpose of administration is to influence the behavior of people. The actions of the administrator must therefore make sense to those whose behavior he is attempting to influence; i.e., the actions must reasonably conform with their idea as to how they would have acted in the same situation. The fact that they might not have acted in that way at all is not pertinent. The way they actually would have acted may have little relationship to the way

they would have wanted to act or the way they believe that they would have acted.

This is not to say that judgment must be popular to be evaluated as good. Nor does it mean that good judgment will always be followed. Those affected by the judgment of another do not always follow what they recognize as the best judgment. What a man thinks and what a man does are not always the same thing. The overriding considerations inhibiting the use of good judgment by the administrator may cause an individual to ignore or rebel against what he knows to be the administrator's best judgment.

Good Judgment Is Expected

People expect those in authority to have good judgment and will hold them in disrespect if they do not. This is true even if the bad judgment brings special advantage to the individuals concerned. The person given an advantage as a result of someone's bad judgment may seek to exploit this advantage. Voters often exert pressure on their representatives not to use their best judgment but rather to support legislation in the special interest of the voters. They may seek to defeat his reelection if he does not support their self-interest. They recognize, however, that they are overriding good judgment and sometimes will privately admit this. One only has to discuss the farm-support program with farmers, who vote only for those who dutifully support it, to learn that many realize the program does not make sense.

It is true that good judgment must, in the long run, be popular judgment since it must fit the specification of commonsense. It can only be common if it coincides with the best judgment of most people who are as equally informed of the pertinent facts and who are able to understand these facts. This is very much different from saying that commonsense is the sense possessed by the celebrated "common man" or the "man on the street." It is the sense that the common man would use if he had the facts and the special training required to understand the facts. We can credit commonsense only to the man on a particular street in a particular instance.

We would expect the judgment of a banker on a problem of foreign exchange to be shared by most other bankers who are involved in foreign exchange. Likewise, we would expect the judgment of a nuclear scientist on a problem of applying nuclear power for industrial use to be common with that of other nuclear scientists possessing competency in that specialized field. We would not expect the judgment of the specialist in foreign exchange to be common with the judgment of the specialist in nuclear power on a problem concerned with nuclear power. This logic is not always recognized by the specialists and the public. There is a tendency to ignore the fact that judgment is exercised only in situations and that each specific situation has its own set of facts to be interpreted.

In matters where we have no competency ourselves we are prone to give credit to the judgment of another individual, as equally a novice in that field as we are, just because he has high competency in an unrelated field. Too often the specialist is willing and eager to believe in such versatility of his judgment. This leads to the ridiculous picture occasionally seen in which the judgment of the nuclear scientist will be accepted when he criticizes the legal technicalities involved in the trial of a couple for treason; or the serious attention paid to the judgments passed on the curriculum content and teaching methodology of the nation's schools, at all levels, by an admiral who is a specialist in submarine propulsion. An individual who knew something about sales or food management would attach very little validity to the judgment of either of the individuals to problems in those fields. He would say they were out of their environment.

As an aside, the comment can be made at this point that businessmen are being urged to assume a similar role of omnipotence in judgment. They are being told that they should actively engage in politics and seek to control the development of general public policy. Such a venture by our business leaders could not help but have unfortunate consequences. A concerted effort of this sort on the part of businessmen would probably lead to the formation of a labor party and a political division by class rather than ideology. Also, it would mean a dilution of the time and energies of the businessman away from his important and vital role of carrying on the business of the nation. Most importantly, he would be exposed as a novice in the many complex fields of social policy in which he lacks the special competence required to exercise judgment.

Despite what businessmen might think, and how the fiction writers might depict them, the businessman's judgment is highly regarded by most people. This is because he has restricted his public use of it to matters on which he possessed special competence. When he has lobbied he has restricted his efforts to affairs of business on which he knew what he was talking about. Those who have opposed him have respected his competence to make judgments on those matters. He of course has the right, and the obligation, to form his opinion on all matters of public policy and to express these to his neighbors and at the polls. This is a different story from an organized, public effort to enforce his judgments on others in matters in which he lacks competence to exercise final judgment. This latter course can cost him the public respect for his judgment that he must retain if he is to be permitted the freedom to continue to make judgments about the conduct of the nation's business.

For purposes of this discussion a distinction is drawn between opinion and judgment. The author defines an opinion as something an individual believes and judgment as something an individual uses, or at least something by which other people evaluate his actions. This distinction should permit an administrator to have an opinion but not to have to use it. In other words, he should not be forced to practice what he preaches. The fact that he is expected to do so, and is in a position that permits him to institute changes, prevents him from expressing a critical opinion of his field or industry unless he is willing to put the change into effect in the enterprise with which he is associated.

This arrangement represents a serious handicap to progress. It serves to silence the best critics any field or industry might have since the administrator is in the best position to observe and evaluate prevailing practices. Although it may not be possible to implement important change at a given time or even in a decade, the desirability of such change needs to be openly discussed and advocated. By nature of his position, however, the administrator loses some of the right permitted others to criticize what he is doing.

We stated earlier the necessity of facts in good judgment and also the competence to understand the facts. Understood facts describe the situation in which judgment is to be exercised. Something else needs to be done in order to complete the process or exercise. This something else can be simply described as applying a set of values to the facts. Without attempting to understand the complex and intricate mental processes involved, one can describe judgment as a mental formulation whereby facts and values are matched. In administration it becomes important to determine whose values are being used in the process. Because administration is responsible for getting things done—the art of the *feasible*—it has to apply the value of the doers as well as those of the administrator. Above the point of morality, the values of the doers are probably more important than the values of the administrator in the exercise of judgment.

A simple illustration of this thought would be a problem as to what dress should be prescribed for bank clerks. Good judgment might indicate sports shirts for a bank in Honolulu but coat and tie in Boston. The administrator in Honolulu may have been raised in Boston and conditioned to respect formality in dress. Good judgment required, however, that he use the values current in Honolulu. The example suffers because most situations requiring administrative judgment are much more complex and because most values are much more subtle. We are not conscious of most of the values we use nor of the values used by those around us. Neither do administrators have the time to think of all the values to be matched in the judgment process. Still, his judgment must take some of its cues from the environment in which it is exercised.

A requirement of good judgment, therefore, is that it be indigenous to the environment in which it is exercised. This idea is supported by the added weight given by people to individuals who were raised in their region. There may be some truth to the definition of an expert being a person from a distant city insofar as the weight attached to his factual and technical knowledge is concerned. It is usually a different story when deciding the course of action to be taken relative to those facts. The recommendations of the expert have little weight until they pass the test of provincial judgment. Somewhat similar weight is given to the judgment of those with the same religious or racial backgrounds as our own.

The environmental factor is in part the reason that extra attention is paid to the judgment of older people. It is an idea that they are bound to be more like us and know more about us because they have been exposed to us longer. Another, and more important, reason is that we associate age with experience. We naturally assume that the older a person is the more experience he has had.

Experience seems to be one of the factors most closely associated with judgment. The influence of experience on judgment, however, can be argued a number of different ways. In the first place, the experienced administrator could excel in good judgment simply because he always excelled or he would not have risen, and remained, in administration unless he passed the continuous testing of his administrative judgment. There is also the possibility that experience has not improved his judgment so much as it has taught him to withhold it as often and as long as possible.

Coolidge Withheld Judgment

While no doubt it is very unfair to him, President Coolidge is depicted as the classic example of an individual whose judgment was respected because he took so few chances with it. While it is highly doubtful that President Coolidge could have risen to such an important post without committing his judgment as promptly and as often as the situation demanded, there is no question that restraint enhances the respect for one's judgment. Such restraint can be a by-product of the seasoning that comes from experience. This seasoning also conditions the administrator against the buck fever that plagues him in untried and novel experiences. Experience can also provide the poise that comes from seeing one's ideas tested and proven in use.

Just how much experience really improves judgment, however, depends upon how meaningful the experience is to the individual. Those who gain most seem to be those who can understand the behavior of others best. This may mean they also understand themselves best. Such understandings are perhaps the result of conscious study of the experiences they have had, or that they have watched others have. The fact that one can gain experience by observing others may be the reason that neither age nor long personal experience seem vital to good judgment. Some relatively young administrators exhibit a high degree of good judgment.

Experience is not the major answer to the development of good judgment. Good judgment is not fully empirical in nature. Experience may warp one's judgment because the effect of experience is dependent upon the intensity of the particular experience. The most intense experiences may be the least meaningful and thus overemphasize certain values when our mental process is sizing up a situation. A well-known instance of this is the case of the head of one of the great mercantile chains who made a major error in judgment by refusing to match the expansion of his largest competitor after World War II because several factors from his experience convinced him that a depression was due. Certainly, all of us have known men of large experience who have in their prime, and with no apparent personality changes, appeared to have suffered a drop in the level of their judgment.

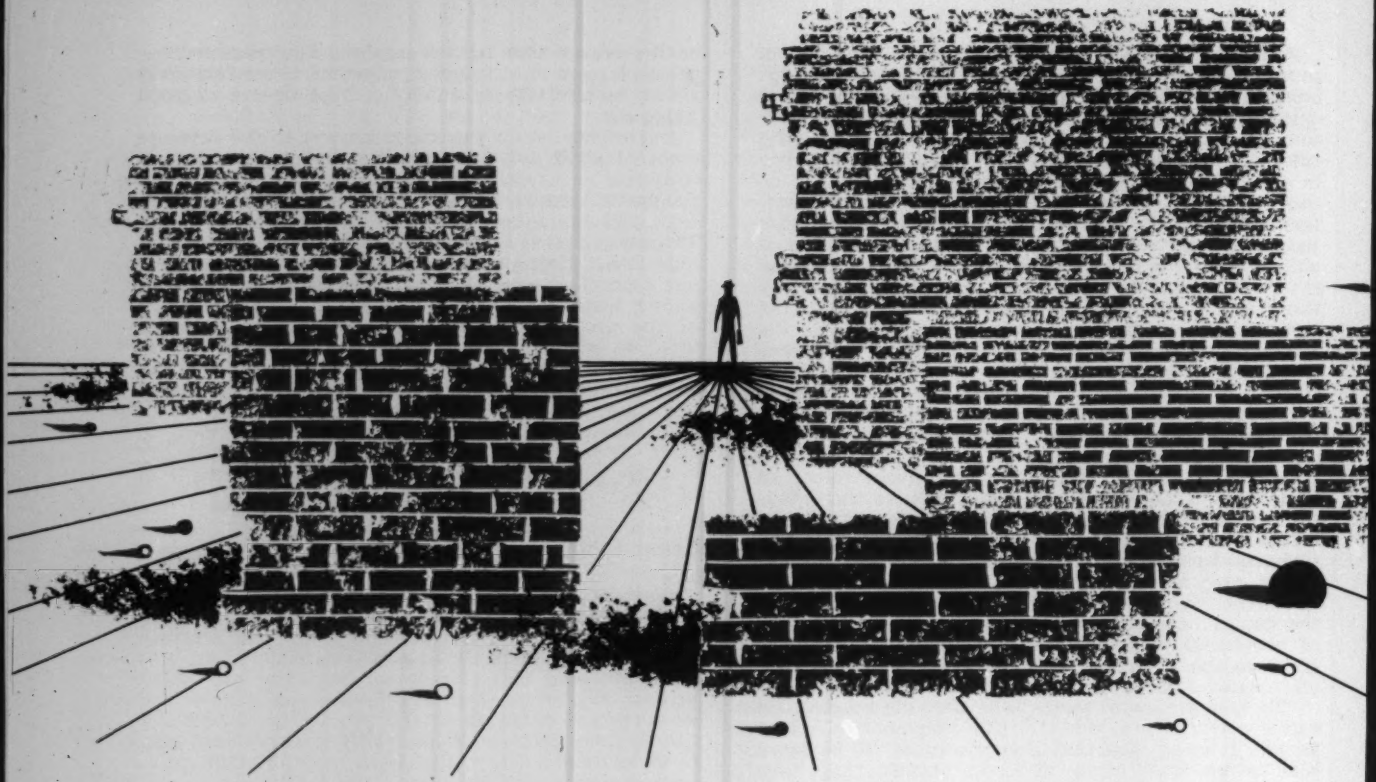
Some Good Judgment Is Normal

Perhaps we will never fully understand the wonderful process by which man sizes up a confusing mass of perceptions and preconceptions and grasps a meaning from them. If he ever does understand, it is quite probable that it will not help him utilize the process any better. Perhaps he does not have to understand too much about the process to successfully use it. Like the user of electricity, he may need only to understand a few of the characteristics of the process in order to get the most out of it. There are some characteristics of judgment that indicate that this may be true and which provide a clue as to the means by which one may improve his use of it.

The fact that all normal people seem to exercise a fair amount of good judgment indicates that the process usually works unless it is inhibited. The fact that those known to usually demonstrate the best judgment sometimes exhibit poor judgment further shows that good judgment may be inhibited. All of us know too that there are many times when we do not use our best judgment but "lose our head" and override our better judgment. We often, with truth, tell ourselves that we "knew better."

All of these characteristics of judgment lead to the notion that most bad judgment results from an interference with the judgment process and that the exercise of good judgment depends in large part upon controlling such interferences. This notion is admittedly an oversimplification of a very complex problem but it does have the very important advantage of offering a means by which the administrator can consciously improve the level of his judgment. This means of improvement consists of identifying and removing, or quarantining, the inhibitions to exercising good judgment.

If one observes his own administrative conduct and that of other administrators he can recognize tendencies common to all administrators that interfere with their judgment. They are common to administrators because they are human tendencies. They are accentuated in administrative conduct because the administrator is confronted with so many situations in which these tendencies may exert themselves. Some of them recur so often that they can be classified and a conscious effort made to control them. Broadly speaking, some of these may be classified as (1) emotional involvement; (2) the assumption that the facts speak for themselves; (3) a failure in communications, both from and to us; (4) lack of interest in our work, or parts of it; (5) loss of interest in people; (6) loss of sense of purpose of the enterprise; and (7) sense of personal insecurity or loss of confidence in our own judgment. END



Survey Reveals Many Salesmen Feel They Belong to a Lonely Crowd

BY *Robert B. Ross*
Contributing Editor

SALESMEN share pretty much the same likes and dislikes about selling and are in general agreement on what constitutes good sales supervision. Yet not all the sources of their gripes and satisfactions are plainly self-evident. Indeed, some defy the common assumptions of what salesmen are supposed to like and not to like.

These conclusions were drawn from a recent survey of salesmen's attitudes within a specific industry. They jibe with the major findings of a previous scrutiny of some 2,000 salesmen employed by a wide cross section of manufacturing, wholesaling, and service companies. This earlier survey was analyzed in two previous articles.*

The recent "vertical" survey was made in cooperation with the national association of an industry manufacturing metal parts to specifications. Sales are made to equipment manufacturers. Member firms of the association received the survey forms from national headquarters and distributed them to all their salesmen, requesting prompt cooperation and guaranteeing complete anonymity to all respondents.

To reinforce the confidential environment of the survey, salesmen were given envelopes with which to return the questionnaires (unsigned, of course) directly to Dartnell, where they were tabulated and analyzed.

The questionnaire was constructed by H. E. Krugman, Ph.D., of Richardson, Bellows, Henry & Company. Dr. Krugman, a pioneer in this field, composed 60 multiple-choice questions, three that called for essay answers, and 11 others that elicited background information. The 60 queries covered these 12 crucial areas of sales management: compensation, working conditions, supervisory relations, company policies, customer relations, teamwork, personal development,

*"Where Sales Supervision Can Be Improved—An Off-the-Record Survey of 2,000 Salesmen," AMERICAN BUSINESS, July 1958; and "Six Sins of Sales Supervision and How to Prevent Them," February 1959.

future opportunity, sales aids and methods, personal satisfactions, work expectations, and operational efficiency.

Distribution of companies by size within the metal manufacturing industry, Industry X it will be called, shows a few large companies, some middle-sized ones, and a large group of smaller firms. Although a large company employs more salesmen than a smaller one, the number of smaller companies participating tended to equalize the influence of large ones.

About 80 percent of the companies paid their salesmen a salary, usually some form of salary plus commission, salary-bonus, or salary augmented by some type of incentive. The rest relied exclusively on commission. (Most of these were companies that sold through manufacturers' agents.)

Average compensation of salaried salesmen for the preceding 12 months was $8,316. The range was $5,000 to $21,000. Average earnings of the straight commission men were $6,050, with a range that extended from $1,000 to $18,000.

A majority of respondents were in the 41 to 50 age bracket.

Salesmen's Six Gripes

The six general gripes of the 2,000 salesmen participating in the multi-industry survey can be summed up this way:

1. Inadequate contact with the boss.

2. Irritation over too much red tape.

3. Self-doubts about selling as a career.

4. Vulnerability to the disappointments encountered in selling.

5. Difficulty in maintaining well-organized work habits.

6. Need to work late and on Saturday.

The chart on page 12 shows how the attitudes of Industry X salesmen compared with those of salesmen in general on the 12 points where the latter group gave their management the poorest rating.

The salesmen within the vertical sample have most of the negative attitudes of the multi-industry grouping, plus a few of their own that can be attributed to the special character of their industry. Salesmen within Industry X rank considerably below the national average when it comes to opinions about performance evaluation, delivery promises, difficulty with prices, and retirement-program provisions.

One of the key probes of the survey was this: "Periodically, my performance is evaluated and this evaluation is discussed with me in a helpful manner." As the chart reveals, only 67 percent of the general salesmen answered this favorably. An even smaller segment, 40 percent, of Industry X salesmen could agree to it.

The failure to evaluate a salesman's performance often leads to a "How do I stand?" attitude, or, even worse, "Nobody cares how I am doing." The absence of such a program seems to frequently stem from the management viewpoint that evaluation is not necessary under a commission plan. Each salesman, so the theory goes, knows exactly how he is doing because his commissions measure his performance in a most palpable way.

Is this really true? Most selling jobs are not merely concerned with volume alone. Selling the full line, developing new business, and controlling expense are just three of the considerations that are important to management whether compensation is based on salary or commission.

Many sales executives seemed to think that talking over his performance with a salesman would end up in a hassle over his income. This can happen, of course; but it is not what evaluation is meant to be. The evaluation interview is based on the job description, company policy (written or unwritten), and more-or-less objective measurement of the way the salesman is meeting these standards. It is supposed to compare the actual performance of the man with what he should have done just to earn his base compensation. If he is living up to the requirements of his job, no raise or praise is necessary. But the employer ought to know about this, and the salesman should certainly know. If he is *not* living up to his job, both the supervisor and the salesman should know exactly where the weakness lies, or what has happened in and to the territory to cause the poor performance.

The responses to this question on the survey show that salesmen feel the need for periodic evaluation. To make sure that the answers to this query were not colored by the opinions of those who were failures or were antagonistic toward selling as a career, the questionnaires for both Industry X and the general survey were rechecked. The reexamination revealed that most of the men expressing negative attitudes were good salesmen who believed selling to be a satisfactory way to make a living. There was general agreement about performance evaluation from men in low, middle, and high income brackets.

"I wish I had more contact with my boss" and "I wish my boss would take a more active hand in showing me how to do a better job of selling" inspired similar reaction. As the chart reveals, Industry X salesmen had a reaction 7 percentage points higher than the national average on the first question. It is interesting to note that both groups had a similar reaction to the latter question.

Too Much Freedom

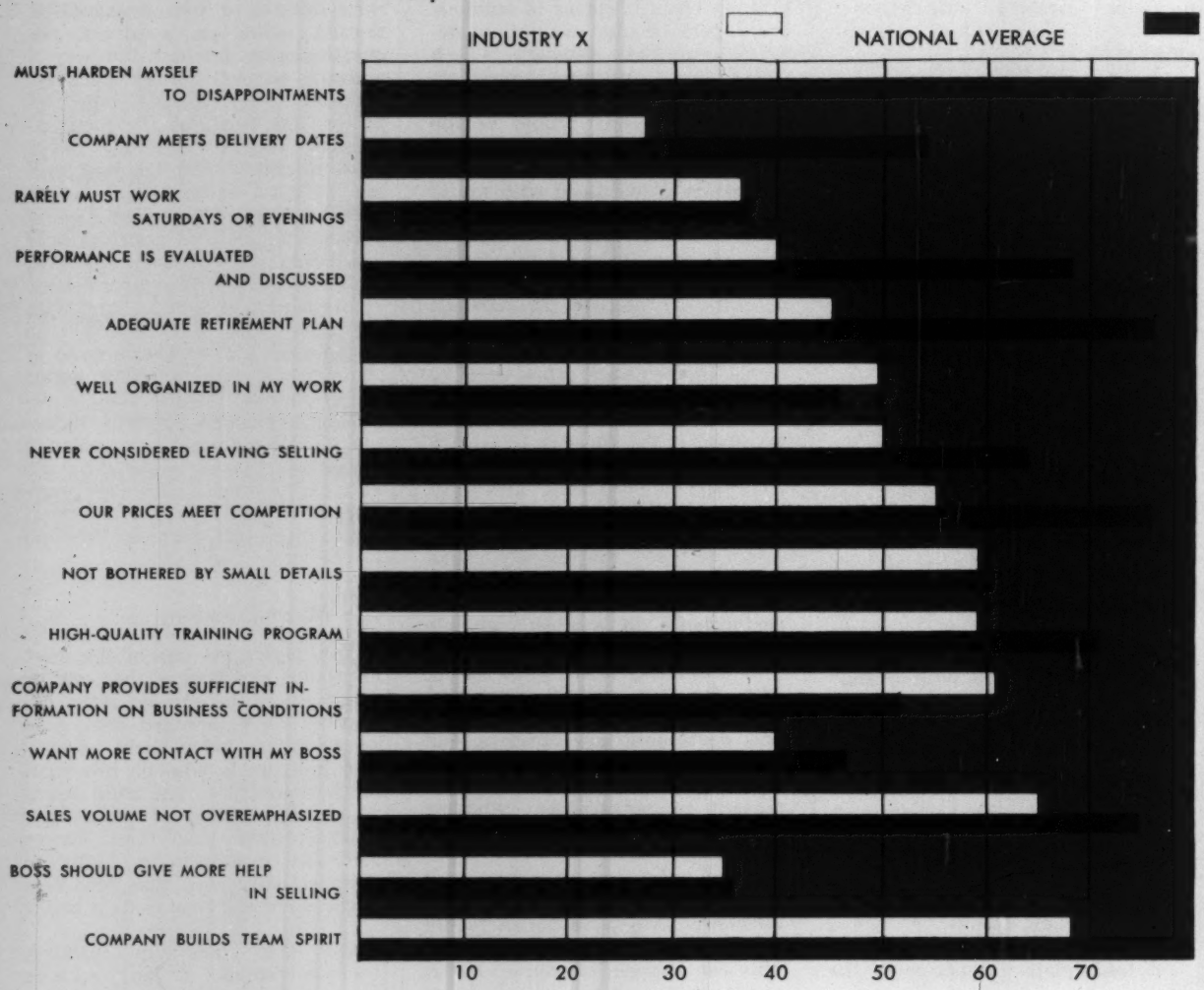
This highlights one of the most important conclusions that can be drawn from the survey. Many executives have assumed that good salesmen are independent, aggressive individuals who do not want much supervision. The truth seems to be that many of them have more freedom than they like or can use to advantage. Many of them actually wish that "the boss would show me how to do a better job."

Call this leadership, training, communications, or any other name you have handy. But don't ignore its full implications.

Chances are, even your best salesman wants to learn to improve. Merely having the opportunity to talk to the boss is often regarded as an honor. Other salesmen need the meeting for guidance, training, or inspiration.

These conclusions confirm once again the importance of the first-line sales supervisor and also raise a question: How many pieces can such a man cut himself up into? If 35 to 60 percent of his salesmen wish that he would take a more active hand in showing them how to do a better job of selling and his time is already fully occupied, who should get his attention?

Training help would be welcome, of course. But this can only be a palliative. Perhaps the first-line supervisor needs more selling tools designed to allow him to start each man on a course of improvement along which the individual can



PERCENTAGE OF AFFIRMATIVE RESPONSES is indicated by chart's bars. Black denotes average response of 2,000 salesmen in multi-industry survey; white bars represent Industry X. Responses show salesmen's attitude toward work, favorable or unfavorable depending on the question. Column on left has key words from 12 questions on which multi-industry salesmen gave management its poorest rating. Industry X is compared.

proceed with occasional suggestions and direction from the supervisor. Surely the supervisor needs some way to improve his own skills as a communicator, a counselor, a coach, and a developer of men. For most companies the problem probably is not a matter of more help but of *better* help.

Although the survey findings may have produced a few surprises for the executives in Industry X, many executives were already aware of the problems. Some had programs at work to remedy top-priority faults.

One company explained its procedures this way:

"We worked up three lists of things to do. The first covered 'What Top Management Can Do'; the second, 'What First-Line Sales Supervision Should Do'; and the third, 'What Salesmen Should Do.' We had a performance-evaluation procedure in the policy manual but found that it was not being used. We are streamlining it and preparing a 'from the top down' campaign to convince everybody that it is important and should be done regularly."

More Contact With Boss

The lament, "I wish I had more contact with my boss," was frequently voiced. This complaint appears to stem from three irritants: Inability to ask questions about selling techniques, insufficient information about prospects or technical data, lack of opportunity to make suggestions and complaints as well as recommend solutions.

The general manager of one company that received an "outstanding" rating from its salesmen for its handling the liaison-communication problem explained why:

"Our operating plans provide for three regular methods of contact between salesmen and their supervisors. One is our weekly sales meeting, a one-hour session from 8 to 9 in the morning. This is one-way communication in which the supervisor tells the men about their progress as a group, reports

on new sales trends, developments of new products, the response to the current campaigns, and so forth.

"Next, all sales supervisors are required to spend at least two hours a week in the field with each man. Because non-city territories require traveling, there is some flexibility here. In such cases we try to get the supervisor to spend at least one day, or the better part of the day, with each man every month.

"These sessions are scheduled so that the supervisor is along when his presence can provide some special benefit to the salesman and can also provide opportunity for questions and coaching. Some senior men seem to want to operate with a greater degree of independence and we let them do so if they are meeting basic goals. But we still spend some time with them so that such contacts are a natural thing, not a sign of trouble.

Performance Evaluation

"The third part of our program rests on a performance-evaluation plan. We hold such sessions every six months. The supervisor sits down with the salesman after selling hours and reviews specific parts of his job, his progress toward company goals, and records these items on an evaluation form that becomes part of the salesman's personal history folder.

"One of these meetings takes place near the start of a new year, when the salesman pays a two-day visit to regional headquarters. The first day is spent almost entirely with the supervisor and provides many opportunities for personal counseling or man-to-man talk about whatever the salesman has on his mind. During this day the performance-evaluation chart is completed and a program outlined for the year ahead. This includes specific sales goals by products and types of customers, plus some personal goals that we encourage each man to set for himself.

"The second day at regional headquarters is devoted to visits with specialists of one type or another who schedule their day to provide ample time for the salesman to obtain technical and other types of information in areas agreed to be important."

This company's experience shows that it is wise and profitable to keep salesmen from feeling that they belong to a lonely crowd.

END

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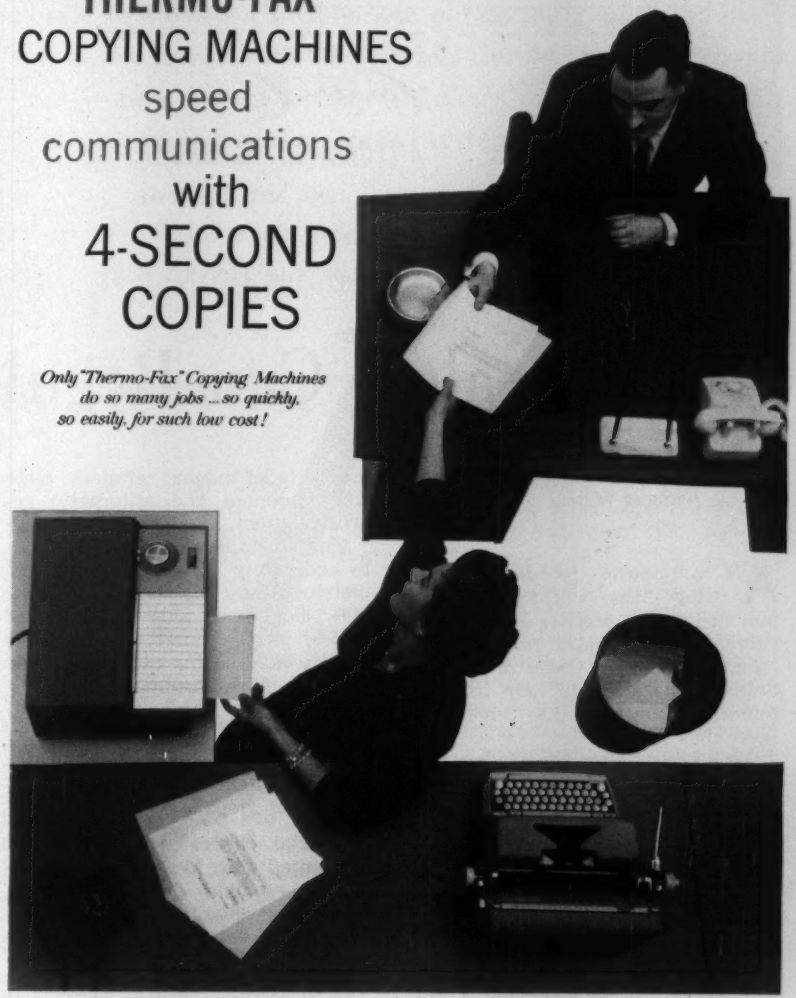

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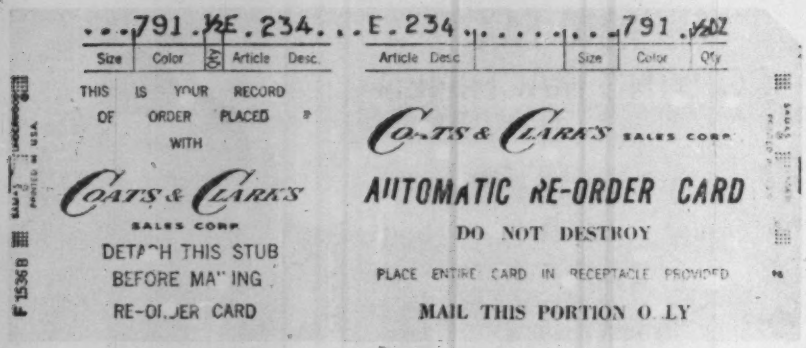

Now Dealers Can Regulate Inventories

BY *J. Allan Rhea*
Managing Editor

AN automatic reorder system using "the world's smallest punched card" enables the sewing thread, zippers, and notions distributing firm of Coats & Clark's Sales Corporation to help its customers maintain the inventory level they need.

This system uses the Underwood Samas 21-column card system that prepares order forms directly from the 2- by 4½-inch cards. These cards are inserted in each box of merchandise and returned periodically by Coats & Clark's customers.

The system was put into operation on a national scale in February 1958. All variety chains and many independent retailers have since adopted the automatic reorder system.

These retailers can use the cards to order any of some 3,400 items distributed by the company (about 200 basic items plus variations of colors, styles, sizes, etc.). They merely mail in the cards and their order is filled automatically.

Sequence of Steps

The system works in this sequence of steps:

1. The cards are punched and imprinted with four types of information—article description, size, color, and quantity—at the Coats & Clark's card reproduction center in Toccoa, Ga.

2. A reorder card is enclosed in each box of merchandise at the finishing mills. Goods then are shipped from a central warehouse to nine service branches that cover a 50-state market. Only a limited number of stock items are not "seeded" with reorder cards because they are seasonal goods or are sold through wholesalers.

3. Merchandise containing reorder cards is shipped to customers from each branch.

4. As the stock is sold, the retailer removes the cards and places them in a reorder card container provided by Coats & Clark's. When he decides to send in an order (the company suggests once every two or three weeks), he detaches the left side of the card for his records and returns the remaining 21-column card to the servicing

Assistant Manager Alvin Meyer of a Kresge store in Chicago places his reorder cards in the preaddressed envelope to be mailed to Coats & Clark's.

J. Auciello, manager of the company's Skokie (Ill.) branch, displays a reorder card. The card, shown actual size above, contains all needed information.

The problem of maintaining an inventory level geared closely to sales—a problem as old as merchandising itself—is being solved with "the world's smallest punched card." Here is how Coats & Clark's Sales Corporation uses this British-made automatic reorder system.

With Automatic Reorder System

branch in preaddressed envelopes which are supplied him.

If the retailer wants to increase his basic stock, adjust for lost cards, or add new items to his line, he indicates these on a supplementary order form that can be returned with the cards. These forms also are provided by Coats & Clark's.

Sorter Processes Cards

5. When the envelope containing the cards is received at the servicing branch, the cards are removed for processing. For merchandise ordered on the supplementary order form, or to replace damaged cards, new cards are pulled from files, added to the cards returned by the customer, and the combined deck of cards is processed on the Samas 21-column sorter. The sorting operation is simplified by five-digit sorting codes punched in the cards.

6. After they are sorted, the cards are processed on the Samas 21-column tabulator which prints on a two-part order form the full description of items ordered, the total quantity for each item, and the total by article. Accompanying the order form is the Addressograph plate used to stamp the customer's name and address on the order form, the shipping label, and a bill of lading if needed.

7. The order form is then sent to the stockroom where workers use it to fill the order. When the order is complete the packers enclose one copy with the merchandise and the other copy is retained for billing and other office use.

A typical Coats & Clark's branch is located in Skokie, Ill., where the Samas equipment is similar to that used at the other eight branches. J. Auciello, manager of the Skokie branch, reports that the system requires no training program and that personnel easily acquire the skills needed for its operation. Only three employees—two full-time and one half-time—operate the system at that branch.

Underwood Distributes Samas

The Samas equipment used by Coats & Clark's is leased from Underwood Corporation, sole Ameri-

After the cards have been run through the sorter, they are inserted into the tabulator (above) which prints an order form in duplicate.

The final step of the cycle occurs in the stockroom where employees use the order form to prepare the order for shipment to Meyers' store.

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can distributor for the equipment made by International Computers and Tabulators, Ltd., of London. The four primary units distributed in the United States are the reproducing punch, interpreter, sorter, and tabulator.

The reproducing punch is used to prepare the master cards from which reorder cards are reproduced. An operator can punch 700 master cards an hour to be reproduced later by the machine. From a single master card the machine can automatically reproduce 7,800 reorder cards an hour. Each 21-column card has the capacity for 231 items of information.

Notched edges of the cards make it impossible for them to be improperly fed into other machines.

After the cards have been punched, they are intelligible only to other units of the system. To be read by the human eye, they must be interpreted, or imprinted, with the alpha-numerical information that they contain. This is done by the interpreter machine which senses the holes in each card and prints the appropriate information along its upper edge. The 21-column interpreter can imprint 75 cards a minute.

The third unit of the system is the sorter which arranges the cards in any desired sequence to be fed into the tabulator. The speed of this unit is 40,000 sorts an hour. Sorting is accomplished in the sequence of units, tens, hundreds, thousands, and ten thousands. Thus the cards are passed through the sorter five times.

Sorted cards then are placed in the 21-column tabulator which produces the desired tabulated records. This machine prints in one line, and at one stroke, all the information punched in a card. The tabulator processes 125 cards a minute, simultaneously accumulating the quantities and values for which totals are required.

Although Coats & Clark's uses Samas equipment only to print order forms, Underwood reports that it can be used to prepare accounts receivable statements, invoices, inventory records, unit control forms, and insurance statements. At the same time that it is printing invoices, the tabulator can accumulate cost of sales information on an adjoining column so that detailed gross profit information is available immediately.

Underwood officials recently reported that sales efforts on the Samas product line have ceased and at this time future marketing plans are most indefinite. While the size of Samas cards makes them especially suitable for an automatic reorder procedure, other reorder systems, of course, can and have been based on use of larger cards.

END

Modern Offices Raise Morale

THE TYPICAL company wants to make its office a more pleasant place in which to work; to achieve this end, physiological factors are being incorporated into modern office planning.

This was the major finding of a survey made by the worldwide National Office Management Association. Executive Secretary W. T. Cavanaugh revealed the results of the association's questionnaires answered by 1,974 companies on the changes that air conditioning, lighting, sound control, music, and furniture have produced in the modern office.

The survey showed that 75 percent of the respondents indicated that their organizations have sound-conditioned offices. Forty-three percent of replies listed better employee morale, 29 percent increased accuracy, 16 percent increased volume of work, 4 percent decrease in loss of employee time, and 4 percent decreased turnover —all traced directly to noise reduction. Air conditioning, practically nonexistent 20 years ago, has been installed in 72 percent of the offices surveyed.

Twenty years ago incandescent lighting was used in most offices. However, 83 percent of the offices represented in the survey are now fully equipped with fluorescent lighting.

The report also revealed that NOMA's Standard N7.2, which allows 60 to 80 square feet per person (including accessories) for the general office area, is rapidly growing in popularity. On the question of allocating space in the office, 62 percent of the respondents reported that their companies are using this standard.

Cavanaugh concluded that the emphasis in the office is on good lighting and ventilation, as well as attractiveness and cheerfulness.

END

Handwriting: an Important Art In the Age of Automation

BY *Wesley E. Scott*
Director of Commercial & Distributive Education
Philadelphia Public Schools

AUTOMATION and the art of handwriting at first thought would seem to have no connection with one another. Yet, handwriting actually is an indispensable part of the whole office automation picture. The "big gun" in office technology's war on high costs is its ability to capture and use important data from the first writing. In many companies the salesman writes the order and this "hard copy" ends the handwriting.

Illegible handwriting is costing American industry an estimated $70 million annually in undecipherable records, orders, and instructions. It is likely that the actual figure is larger and that it is increasing.

Automation places a premium on legibility. Thousands of invoices can be processed in a period of a few minutes. If the source material is misread because it is illegible, the error is then compounded. Correcting errors under conditions of automation is time consuming and costly.

This situation is shown by the recent experience of a large oil company where several thousand invoices were incorrectly processed in only a few minutes because poorly written data was misread by a machine operator.

Robert E. MacNeal, president of Curtis Publishing Company, declares that "this new emphasis on the need for legible handwriting has been brought about in our case by the most modern of all office machines—the electronic computer."

The regional automated processing centers of the Internal Revenue Service find it impossible to process some 500,000 refund checks yearly because of various illegibilities in the writing of amounts, names, and addresses. The original data simply cannot be translated for machine use. The material must be returned to the district offices where attempts are made through interviews to secure adequate information. The cost of procedures needed to make the adjustments is necessarily very high.

Other government agencies have experienced substantial losses because of illegible handwriting in the handling of mail. The Post Office Department sends about 25 million letters yearly to "dead letter" offices because of poor addresses. A vast amount of money sent through the mails does not reach its intended destination because addresses are illegible and the return addresses of the senders cannot be ascertained.

"Who Am I?" Accounts

Banks throughout the country receive deposits by mail which they cannot identify. One large Philadelphia bank, the Central Penn National, carries a "Who Am I?" account that has as much as $50,000 in it at a time. When the accounting department cannot credit the correct depositor due to a poorly written deposit slip, the money is credited to the "Who Am I?" account until a depositor reports failure to receive credit for a deposit made.

The Brown Instrument Division of the Minneapolis Honeywell Regulator Company spent a large sum of money to locate errors in inventory when it found itself some $65,000 short. The errors were due to careless figure writing on the part of inventory clerks.

The Bell Telephone Company of Illinois some time ago took steps to reduce the loss of thousands of dollars each month through unchargeable toll calls. The company had to absorb charges that the accounting department could not allocate because of poorly written toll slips.

Newspaper reports tell of cases where fuel oil has been pumped into wrong basements because the truck driver read a "4" as a "7" or a "3" as an "8." In one case the oil went through a disconnected pipe to a basement floor instead of an oil tank.

Because business firms are becoming increasingly aware that illegible handwriting is costly, many are now stressing legible handwriting as one of the most significant of the educational fundamentals.

A few years ago a handwriting clinic, conducted by the School District of Philadelphia and sponsored by the Chamber of Commerce of Greater Philadelphia, attracted representatives of more than 100 business concerns. Techniques and materials were developed for use by the companies to train their own employees.

Department stores, banks, manufacturing companies, and numerous individual business owners have taken steps toward handwriting improvement. The Curtis Publishing Company, for example, has just incorporated handwriting instruction in its employee training program.

At one time, mastery of handwriting skills was considered to be an important part of the educational curriculum. During the depression years handwriting supervisors were eliminated by schools as an economy measure. A change in educational thinking, too, relegated handwriting to the background.

FIGURE I

THE FIGURE:	OFTEN WRITTEN AS:	IS MISTAKEN FOR:
0	0	Six
1	1	Seven
2	2	Three
3	3	Five
4	4-9	Seven or Nine
5	3	Three
6	0	Zero
7	9	Nine
8	8-5	Zero or Five
9	4-0	Seven or Zero

As an example of how handwriting has changed, a college "memory" book of 1925 contained the names and addresses written by about 100 students. Almost without exception they were written clearly and attractively. Writing skills of recent high school and college graduates are entirely different. It is necessary to strain to decipher names or addresses, so badly are they scribbled.

Continue Handwriting Programs

It is encouraging to note that some school systems have continued their handwriting training throughout the years. Others have heeded recent pleas of businessmen, teachers, and parents. In Philadelphia, for instance, while there is a continuing program of handwriting instruction in the elementary grades, an extensive program is functioning also in the secondary schools, particularly in commercial classes. It is based upon the diagnosis of handwriting errors and remedial instruction, effectively motivated and carefully supervised.

As part of the educational program of Junior NOMA (National Office Managers Association) in Philadelphia, spelling lists containing handwriting instruction are being distributed to the secondary schools. They list 600 words used in business and include those which business people find are frequently misspelled.

The Sheaffer Pen Company, Fort Madison, Iowa, in recognition of the needs of schools for handwriting help, is distributing a free booklet entitled "Sure, I Want to Be a Better Writer." It was offered originally to elementary schoolteachers. The demand has been so overwhelming that in two years more than 10 million copies have been distributed. This is just one illustration of the widespread desire to improve handwriting.

FIGURE II

1 2 3 4 5 6 7 8 9 0

1 2 3 4 5 6 7 8 9 0

Business records, of course, deal largely with figures. Although there are only ten digits—zero through nine—the ways that these are mistreated in writing are numerous. The most frequent causes of poor figure writing are hurry and carelessness. Errors can be reduced, however, by having a clear conception of the appearance of a legible figure, and by avoiding any extra fancy strokes that can be exaggerated and thereby cloud the number. Remember, a word containing a poor letter may be understood in context but a number always stands by itself, clear and unmistakable.

Figure I indicates some figure errors that tend to cause costly trouble. These misinterpretations can prove very expensive, especially in business where hundreds of units and reports are produced by automation in minutes from source material before the error is caught.

Any legible style of figure writing is acceptable if it is followed. Two acceptable styles are shown in Figure II. Both tend to help legibility.

A successful practice device to help reduce figure writing speed and to attain care in forming figures is given in Figure III. Try it yourself by writing figures in the blocks so that none of the figure touches the sides of the block. By decreasing the size of the blocks, speed is diminished and care controlled.

Handwriting Is Individual

In writing letters, no one style of script writing can be termed superior. Handwriting is individual, but the style used should be legible, attractive, and fluent. Failure to observe some simple principles of handwriting can lead to misinterpretations such as shown in Figure IV. In this chart, the word "owe," if it is poorly written as indicated in the three illustrations, may be interpreted as "awe," "owl," or "awl." Likewise, the word "fall" might be construed as "ball," "dipper" as "clipper," and "horse" as "house."

To attain any degree of handwriting improvement, there must be a desire to improve and a conviction that legible handwriting is important. Then, with a knowledge of what adjustments are needed, the individual must devote practice time to overcome bad habits and substitute new ones for them. The efforts, however, will be rewarding

FIGURE III

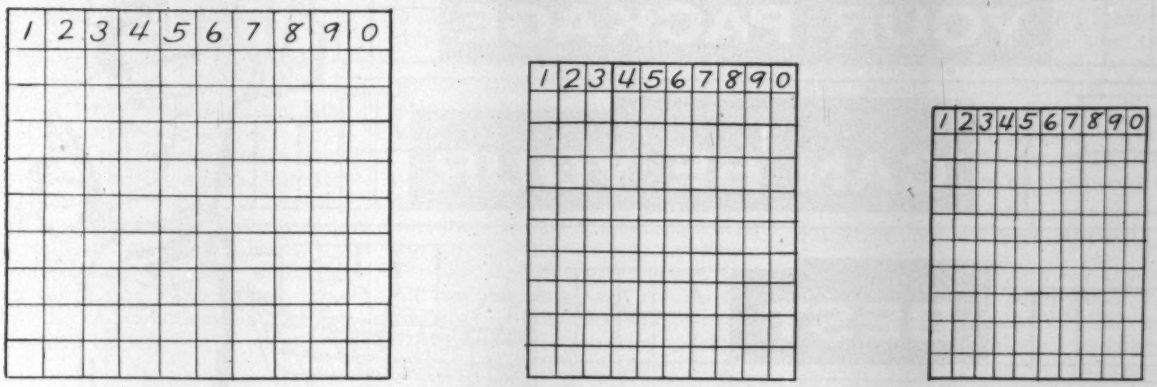
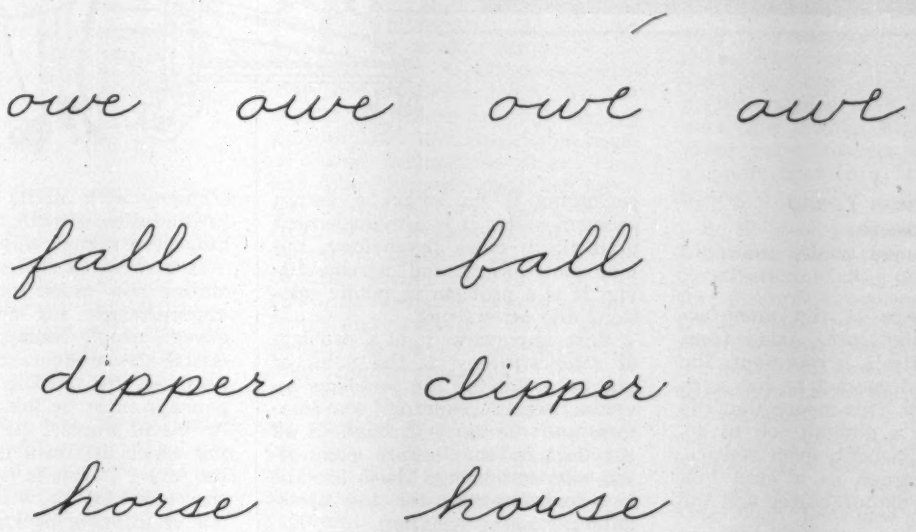
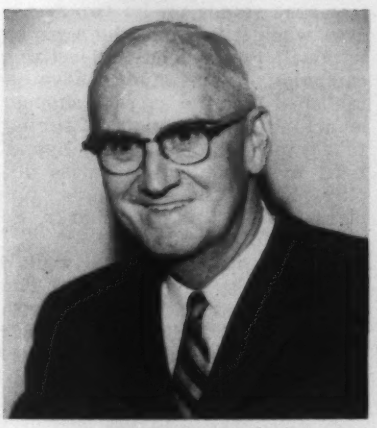


FIGURE IV



for the results will be sure. The payoff really comes when a bank refuses to pay a check because the signature is so good that it cannot be recognized as the scribble on the bank's signature card!

Businessmen have been complaining about poor handwriting for some time because, with the pace of today's business and everyday life, wasted time caused by illegibility of handwriting becomes a costly item. This expense can be eliminated if business leaders in authority insist that something be done to make employees better writers. END



ABOUT THE AUTHOR: *Wesley E. Scott is the handwriting consultant to the W. A. Sheaffer Pen Company in addition to his duties as director of commercial and distributive education for the Philadelphia Public Schools. A lifelong Philadelphian, Scott was graduated from Wharton School, University of Pennsylvania, and later studied at Temple University. He has been the co-author of 13 textbooks for high school business subjects. Last spring the Pennsylvania Business Education Association named him the outstanding business educator in the state.*

YOUR PACKAGE CAN BE YOUR BEST SALESMAN

BY *Harrison Young*
Marketing Director
Better Packaging Advisory Council

THE package is the manufacturer's signature. Aside from the product itself, it represents the most personal contact he has with his customers. This means that the package has a difficult job to do. It must supplement, even replace, the live salesman as a vital link between the manufacturer and the consumer.

Businessmen are aware that today's trend in selling goods is toward self-service. This is not only true in supermarkets, but in department stores, five-and-dime emporiums, clothing establishments with pipe racks, and a growing number of stores and shops. The salesman simply is not there any more.

And as selling moves further into the "Era of the Vanishing Salesman," the role of the package as the No. 1 salesman at the point of purchase becomes more prominent and more urgent.

The standards and concepts of package design that prevailed a few years ago will no longer work with present market competition for the customer's attention. With sales dependent upon point-of-sale presentations, the problem of packaging is no longer a design problem alone. It is a management problem in mass psychology, human motivations, and merchandising. It is a problem in public relations and advertising.

Most important, it is a problem of sales strategy at the point of purchase. Solving the problems involves expert planning, coordination, and the carry-through of all the factors that affect point-of-sale merchandising. These are the key considerations for any up-to-date packaging program.

Package Must Stand Alone

The successful package today must be a powerful advertising tool that stands on its two feet—even when it is backed by a strong national or regional advertising campaign. Recent studies have established that the average shopper is actually in a condition similar to a trance. She is partially hypnotized by the effects of mass display, lights, slogans, signs, pictures, colors, and trademarks. So she buys on impulse.

How many of us have walked into a store to buy only one or two specific items and walked out with others we had not previously thought about buying? Multiply this process several million times, and you have today's American economy with all its potential for future sales growth. This growth hinges on human impulses.

It is wise to remember that no matter how much money you are appropriating for advertising, if enough people cannot see and recognize the product at the point of sale, you are wasting money. Your package must be instantly related, by visual impact, to the advertising which first sent the shopper to the store. If this is not happening, the fault may lie with your methods of utilizing package design.

Management should never underestimate the "readability" power of packaging. According to a recent survey conducted in department stores and supermarkets in 42 leading cities, the Better Packaging Advisory Council determined that more consumers read the copy on packaging than read all the national magazines and newspapers.

The term "brand image" is used all too loosely by many people. What is it and what is its effect on the consumer?

Brands create images in our minds just as people do. They operate the same way. If we like a person, we may accept things about him that are the same we may reject in someone else we do not like. The real reason people accept one brand rather than an-

other depends on this total brand image. Through research, manufacturers can determine the strengths and weaknesses of a brand or company image.

The consumer is similar to a judge in a beauty contest. All the girls (products) are beauties. How does he choose the winner? Typically, it is not because she is more beautiful than the others, but that she has that certain something that appeals to him. Perhaps it is friendliness, or winsomeness, or aggressiveness, or she pulls on your sympathy. The winner has managed in some emotional way to project herself.

"At Home" Use

The most successful packaging today is concerned with the total handling, distribution, display, sales, and "at home" use of a product. It starts in the manufacturer's plant and stays with the product, seeing to it that it packs and ships more economically and with less damage, that it can be stored in warehouses simply and at lower costs.

It sees to it that stocking, ticketing, inventory control, and display are accomplished more efficiently, in less space, and at lower costs. The total package design is concerned with the point-of-sale presentation and display, with the sale itself, and finally with the further use of the package and product at home.

Manufacturers are increasingly aware that their present packaging is not good enough to survive in today's stiffly competitive market. This is revealed in a study by the Better Packaging Advisory Council. Of some 1,200 companies in a cross section of American industry queried, 54 percent were dissatisfied with their packaging. This dissatisfaction was based on reports from their own sales and production departments.

Among the most frequently mentioned reasons for the dissatisfaction with present packaging were (1) "Package had no secondary use"; (2) "Unable to secure brand loyalty"; (3) "Need lightweight packaging to cut shipping costs"; (4) "Haven't found good, inexpensive packaging reflecting quality of our product"; and (5) "Don't feel our package gets prominent shelf space."

This dissatisfaction leads to the obvious questions: What are the necessary ingredients for a good package? Is it true that a new package is the right answer? It has been proven that new packages always increase sales. Composite studies show that 35 percent of the companies making a change report a 10 percent sales gain, 40 percent show up to a 30 percent gain, and 5 percent show as much as a 500 percent increase in sales.

Once the design, material, size, and specification for the new package have been decided on, it is necessary to test the package. You can go to either of two extremes. You can test it on a "closed circuit" of associates and friends (do you really think they will disagree with you?) or you can invest a small fortune in a national testing campaign. The wise manufacturer, however, will test his package regionally with a carefully thought out, scientific "trial run" in designated areas of the country. In that way he can gain consumer reaction while eliminating many of the bugaboos of possible failure.

Many types of packaging materials are available today. To list only a few, there are high-density polyethylene film, stretchable bags, improved cellophane, fiber cans and tubes, nitrogen-propelled aerosols, aluminum cans, glass, wood, steel, etc. Regardless of what packaging material is used, your package should rate high in the following checklist. Here are questions and answers that apply directly to the proper design of sales-oriented packages.

1. *Does the package reflect product quality?* The use of the many new foils have upgraded products in every field. In the cosmetics industry, for example, powders and perfumes packaged in colorful foil-covered fiber containers give the product the look and feeling of richness.

2. *Does your package have maximum visibility?* On the shelf the package must "out project" the numerous items surrounding it. The use of color and contrast determine the degree of visibility.

3. *Is the brand readily identifiable?* The successful "identification" package carries lettering, trademark, or crest in the same manner as is used in advertising, promotion, and other product line packages for immediate identification.

4. *Is the package material consistent with the product?* Check yourself: should you use metal, glass, paper, wood, or plastic? Perfumes normally are packaged in a glass vial, not in a metal box. An electrical appliance would be contained in a wood or heavy cardboard box, not in a glass case.

5. *How costly is your package?* The actual container is not the packaging cost. The factors of filling, sealing, handling, and shipping costs are all to be taken into account. The packaging should not add a disproportionate extra cost to the retail price of the product.

Package Needs Sex Appeal

6. *Does the package's sex appeal suit the product?* After-shave lotions and other men's toiletries should have different package styling than toiletries packaged for women. Men's products must have masculine appeal, oriented to the virile male. Women's perfumes must appeal to their feminine and romantic instincts.

7. *Is your package in good shape?* Preferences for the oval shape have always been greater than for any other. Consumers prefer rounded sides to sharp corners. The product Woolene has enjoyed great success with its triangular fiber can with rounded points.

8. *Is your package lightproof?* Light can affect the color and the constitution of the product. Beer, for example, requires amber or green glass to prevent certain photochemical changes from taking place. This is also true of some drugs and chemicals packaged in colored glass.

9. *Does your package have a secondary use?* Men's accessories—such as belts and cuff links—have long been packaged in reusable containers. Belts have come in plastic boxes that served as cigarette boxes; cases for cuff links served as jewelry boxes. The trend is now toward total reusability in many fields. Even typewriter ribbons come in plastic cases with the recommendation that they be used for hairpins or clips. Liquor bottles have been packaged in oval-shaped fiber containers that were recommended for use as knitting bags by the addition of a handle.

10. *Is the package moistureproof, airtight, and temperature-resistant?* Certain foods and cosmetics will cake as moisture content is increased. Glass, metal, or fiber cans—all of which can be sealed—are recommended for moistureproof packages. They are also ideal where airtight closures are needed. In the case of tem-

perature protection, to be insured against high heat and extreme cold, metal should be avoided because of its conductivity.

11. *What other consumer preferences should the manufacturer be aware of?* General preferences do not hold true for all types of products. Women rate magenta red as the most popular color; but in the kitchen or with regard to food products, its rating is low. To further illustrate the point, yellow has the highest retention value of any color. A yellow box with black printing has the highest retention value. Yet, yellow has a low preference rating with consumers. Result: a package with visibility does not automatically result in high sales. The attention and retention aspects of the package must be balanced with buyer preference.

The most important consideration is the overall ingredients necessary to any successful package. Unless the package attracts attention through the combination of ingredients, there is no need to plan scientifically to woo and win the customer. Recurring tests have proven that the successful package projects strongly from a distance, from close up, on the shelf, along the counter, in the window, and finally in the consumer's home.

When it comes to attracting attention, manufacturers could profit from the commonsense inherent in the story about Farmer A's mule, the darndest, politest, most mild-mannered mule in Missouri. Farmer A sold the mule to Farmer B, advising him that the mule responded to kind words and loving care. Farmer B immediately set about treating the animal with gentleness. When the mule would not budge, move, or work, the new owner took the mule back to Farmer A. Farmer A picked up a stick and whacked the mule.

"I thought you told me he responded only to kind words and care," Farmer B said.

"Yes, he does," answered Farmer A. "But first you have to get his attention."

So it is with successful packaging. END

ABOUT THE AUTHOR: *During the past 25 years Harrison Young has served as a consultant to a wide variety of industries and individual companies. He is the marketing director of the Better Packaging Advisory Council and is on the staff of Dennson-Frey & Affiliates, a New York public relations firm.*

AMA Convention to Stress Customer Packaging Wants

ATLANTIC CITY, N. J.—The need for packages that not only sell a product but also give satisfaction to the customer will be underlined at the American Management Association's 29th National Packaging Exposition and the accompanying National Packaging Conference here in April. Both events will be held at Convention Hall—the Exposition, April 4 to 7, the Conference, April 4 to 6.

According to Henry Schniewind, vice president of AMA's Packaging Division, there is evidence of a growing awareness in the packaging industry of the need to satisfy the end user of the package, be it industry or an individual consumer. And, he points out, the main job of the industry's top managements is to see that all segments of packaging work together in a concerted drive to provide this satisfaction. "It matters not whether the final package is the result of house research and fabrication by the manufacturer of the product or is a combination of efforts by the independent engineer, machinist, designer, graphic artist, material supplier, and fabricator, so long as this end is achieved."

25,000 Expected

More than one-fourth of the 25,000 business executives expected at the Exposition will be members of top management. They will view the latest in packaging machinery and equipment, materials and supplies, containers, and services in displays by some 335 firms. The Exposition, largest trade show of the $16.5 billion packaging industry, will be one of the first events held in Atlantic City's newly enlarged Convention Hall.

Packaging, products, and profit-and-loss statements will be the subject of the opening presentation at the National Packaging Conference. This presentation will be the first of a series of talks on packaging for profit, theme of the first morning of the meeting. (All conference sessions will be held during the morning hours to allow registrants to attend the Exposition.) Speakers will emphasize how packaging dollars can be spent prudently and explain where savings can be effected. They will deal in specific terms with the new dimensions of packaging, and packaging's relationship with the 1960 distribution dollar. A description of the role and goals of packaging at Montgomery Ward & Co. will round out the first day.

Three concurrent sessions will be featured on the second day, each devoted to one phase of the packaging cycle. One group of executives will look at package production. They will discuss package manufacturing methods and approaches as a basis for product sales; manufacturing's part in the overall program; the economics of package production; maintaining an effective purchasing-production team; and production, handling, and distribution.

New Package Development

The other two panel groups will deal with package research and package marketing. The research group will take up the management and measurement of new package development. They will cover integration of package development in the new product program, capitalizing on available talents in package planning and development, creativity in packaging, and coordinating technical and market research for packaging. The marketing group will stress package "sell" in today's markets. Among the topics to be discussed by this panel will be packaging's place in the "marketing concept," package imagery, package promotion and presentation, and package merchandising for industrial products.

The final conference session will consist of two panel groups who will analyze the problems and requirements of modern packaging, predict what is ahead in packaging, and discuss trends reflected at the Exposition.

The Exhibit Hall's 140,000 square feet of space was entirely sold out in early December for displays valued at approximately $5 million. Exhibit space had never before been sold out so early. END

How to Utilize Management's 'Most Neglected Tool'...

BY *Thomas B. Masterson, Ph.D.*
Associate Professor of Management
De Paul University

MANY analysts of business management have noted that surprisingly few corporations make effective use of their boards of directors. Some writers have called boards "the most neglected tool of management."

As an attempt to discover how boards can become more effective, this article is based on answers to questionnaires sent to directors of corporations that enjoy reputations for being well managed. Accordingly, the following conclusions can be considered the judgment of such men as General Lucius Clay of Continental Can Company; Donald W. Douglas, Sr. and Jr., of Douglas Aircraft Company; R. G. Follis of Standard Oil (Calif.); and others who preferred anonymity.

Although these men are directors of large companies, their words are equally useful to medium and small corporations. All business enterprises face common problems, and the large corporations grew from small firms because their directors successfully solved these universal problems. If a small company is to survive, grow, and prosper, it too must solve these common problems.

The questions asked in the survey and a synthesis of the directors' replies are as follows:

1. *What responsibilities do you*

...the Board of Directors

as a director discharge? The common denominator tying together all opinions here is "to select and to support competent management." Each of these men's experience indicated that the operating executives carry the load of responsibility for the day-to-day operational decisions, and the directors' job is to help them.

Again, several respondents pointed out that directors should keep their attention on the future. This is because operating executives are tied to the immediate present. Because of their generally wider experience, the directors can focus on planning for the future, on dealing with companywide organization and policy problems, on clarifying the objectives of the company.

Being removed from the tremendous pressures of day-to-day work, they can extract the lessons from their experience because they have the time to analyze experience, and they can act as sounding boards for their executives. Directors can listen to an executive's half-formulated idea and help him to put it into operation.

2. *How do you divide responsibilities between board members and operating executives?* A curious marriage between theoretical economics and practical business management took place in the responses to this query. In economics the theory is stated, "What is usually true in the short run is usually untrue in the long run, and the opposite is also usually true."

The replies to the questionnaire indicate that it is impossible to make a clear-cut, unexceptionable division of labor between directors and executives; but in general it is possible for the board to concentrate on the longer-range view, with the executives handling the short run. When this is well done in a particular corporation, neither the short- nor the long-run legitimate interests of the company—nor its owners—need suffer.

The reasons why it is impossible to make an unexceptionable division of labor are few, but important:

a. The short run blends into the long run;

b. Many directors also play another role in the same company such as operating executive;

c. Minor problems shade imperceptibly into major ones.

The different responsibilities of directors and executives could best be described as partially overlapping circles, but they are not concentric circles. In a particular company, experience will provide a workable dividing line between what the board does and what the executives do.

3. *How do you contribute to the growth and profit of the company?* The experience of the respondents leads them to the conclusion that breadth of experience is the chief factor in the makeup of a good board. The problems dealt with are almost necessarily "frontier" types of issues for which no precise precedent exists.

In addition to being novel, the problems dealt with by boards are large scale, basically important, and enormously complex. Legal, financial, technical, and organizational factors must be identified, weighed, and properly evaluated. The pooled judgment of men with wide variety in their backgrounds is required if such problems are to be solved.

Sense of Balance Important

Finally, a sense of balance is mentioned by the respondents. This contributes to a good board's makeup because the board is required by law to safeguard the interests of the shareowners. To discharge this responsibility, the board must decide such thorny issues as compensation for top-level executives, with a knotty side issue of stock options as a way of saving (tax) money for both the shareowners and the executives.

Also, they must decide how to raid required capital—from reinvesting earnings (accompanied by howls of anguish, perhaps, from dividend-hungry shareowners), from incurring debt in the form of bond issues, or from sale of stock, with consequent dilution of ownership.

It is apparent that small companies have the same problems as large. To solve them requires harmonious and effective pooling of judgment of experienced men. In addition to this mental requirement is the character requirement that the director "must be a man of unquestioned integrity and reputation," as one respondent put it.

4. *How does the director contribute to the personal growth and development of the non-director executive?* Sympathetic, informed, keen interest in what the executive is doing seems to keynote the answers to this query. Operating executives are on the firing line all the time. It is, unfortunately, usual for them to work a 60- or 70-hour week. They are under unremitting pressure from employees, unions, government, customers, that vague but powerful force called "public opinion," and, of course, from their competition.

Directors have usually felt these pressures themselves. Hence, they can offer informed interest to the operating executives, can get to know them, and can help them to formulate solutions to these problems. Most of the respondents cite this contribution as a valuable morale-builder as well.

Finally, more than one director said that it was within the board members' purview to satisfy themselves as to the adequacy of executive training programs within the company to insure a steady future supply of trained executives.

5. *Who do you think makes a good director?* The answers to this question cite three broad areas of traits desirable in a director. Before describing them, however, it is of interest to note that several replies stressed that since the board acts as a group, it is important to have on it men who are able to meet two tests: diversified background experience, in order to bring wide ranges of knowledge and judgment to bear on problems; and the ability to work with others, so that they can discuss issues spiritedly, but arrive at a decision which reflects the best judgment of the entire board.

The first type of desired traits may be labeled "character," for they include such things as absolutely unquestionable integrity, honesty, and impartiality. A prime responsibility of the board is to weigh and to balance fairly the overall best interests of the owners, executives, employees, customers, and the public. It is this same requirement that necessitates a proper balance between "outside" and "inside" directors; the latter being those who, in addition to being directors, are also active executive officers of the company.

Under the heading of desirable personality traits, these men cite enthusiasm, vision, and a willingness to take active part in all discussions. Also cited is a point of view that is pointed forward. Directors have no great need to be individually creative, but they should recognize creativity as a driving force in American business, and should respond to it

when they meet it in another man.

An ability to take a sincere, informed interest in the responsibilities carried by operating executives is also a self-evidently important personality trait. Also mentioned as important in directors is the ability to work in harmony with other directors who are likely to be hard-driving, highly motivated men.

Under mental abilities the most frequently cited desirable trait was broad experience. There was unanimity that the board should possess breadth of vision, and that it could rely on operating executives or staffmen for specialized information and advice. Experience outside the industry of the company is a recurrent theme in the answers, no matter, as one director said, "whether obtained in business, professional life, academic life, or in government affairs."

6. *What factors make for a good directors' meeting?* One contributing factor is to prepare the agenda and circulate it in advance. A number of sound reasons support this conclusion. Men of experience do not like to speak "off the cuff."

Particularly on controversial or technical problems, time is also required to map out, organize, and collect evidence for the major points that a director wants to make on such issues. Being appreciative of time as a precious commodity, he does not want to waste other directors' time while he "thinks out loud," nor does he want his own time wasted.

Precious time is also conserved because the meeting can start right in to discuss the items on the agenda. No hasty reading or "semi-digestion" of the agenda is risked. One answer summarized this need: "Circulate the agenda and supporting papers about a week before the meeting. Give the directors a chance to do their homework."

Bring Directors Up to Date

Another bit of practical advice is to start the meeting by bringing the directors quickly up to date by means of charts and other graphic presentations. These, of course, are the fastest and clearest ways of presenting many types of information, and they also serve the purpose of ensuring that all present are relying on the same, fresh data.

Again, many respondents suggest that relevant non-director executives be brought into meetings. Several advantages are cited:

a. It is good experience for the executives to make a fast, clear presentation of specialized material to "generalists," having a broadening and developing effect on the specialists;

b. It enables the directors to satisfy their need for direct, first-hand information; and

c. It is a morale-builder for executives to learn that their directors take this keen interest in their work, and in their personal development.

The point was also made that where the company is large enough to afford it, the board should be supplied with a staff. It need consist of no more than one man, but he can be of invaluable help in securing objective information for the board and in providing continuity between meetings.

Finally there was mention of directors securing new business for the corporation, although most considered this as incidental. A director should be enthusiastic about his company's products, but it is not necessary that he actively sell them. What he should "sell," it was said, is the general reputation and name of the company.

7. *What do you consider the proper ratio between "outside" and "operating" board members?* There is argument on this issue, some believing that the disadvantages of outside directors outweigh their advantages. But the experience of the respondents is to the contrary; all contended that the board have at least some outside directors. The smallest ratio of outside directors was 1 to 2, others said half and half, while others wanted a majority of outside directors.

The consensus is that the board should not be 100 percent "inside." The reasons given are:

a. Additional experience from other industries is made available to the company;

b. More objectivity in representing the shareholders (who, after all, elected them) is achieved;

c. Diversity of opinion and judgment is more likely to produce a decision in which all factors have been identified and evaluated; and

d. Outsiders are more likely to stick to the major issues, and leave the details to the operating executives.

8. *How many bankers, marketing men, research men, line executives—in terms of their differing backgrounds—should be on the board?* Categorical answers, setting up rules of procedure, were not made. The respondents agreed on the desirability of varied background, but thought that general knowledge rather than special was desired. Certainly, they said, financial and legal knowledge, for example, is desirable, but the appropriate specialist is always available for whatever technical knowledge is needed.

Special Knowledge Insufficient

Far more important, it was agreed, are maturity, stability of judgment, practical wisdom, breadth of outlook, and varied experience in directors. This is not to say that possession of special knowledge would disqualify a man as a director. It is to say that special knowledge is not enough to bring to the board.

To sum it up, Stanford University's Business Research Bureau recently completed a survey of several successful companies. They defined a successful company as one that had a steady record of growth, and also a steady record of profit-making. The factor they found significant in differentiating successful from unsuccessful companies was this: *Without exception,* the successful companies had devoted time and effort to planning for the future. When an opportunity appeared, they were ready to seize it. When the economic "weather" turned bad, they were ready to take timely action.

This survey has indicated that the board of directors is the best mechanism for bringing the lessons of past experience to bear on the problems of the future. Any corporation, regardless of size, can avail itself of this mechanism. If it does, its chances of success, survival, profit, and growth will be substantially increased. END

ABOUT THE AUTHOR: *Prof. Masterson is himself a board member—a director of Mandabach & Simms, Inc., a Chicago advertising agency. His other duties include an associate professorship of management in De Paul University's College of Commerce and his work as a lecturer in the University of Chicago's executive development programs.*

Mergers Good for Firms, Community, Rochester Survey Discloses

BY *Howard M. Duffy*
Business Writer

DON'T be alarmed if your place of business is gobbled up by out-of-town owners. A study of 12 Rochester, N. Y., firms showed that benefits resulting from new "outside" ownership of local firms are greater than the bad effects.

When the merger mania evoked all kinds of wild guesstimates of ill effects on the local economy, a committee of Rochesterians formed to study the effects of such mergers. The study covered 12 firms selling out to out-of-town interests during the past eight years. There were nearly 15,000 employees in the firms concerned.

On the credit side of the ledger, most of the companies began manufacturing new products. Total employment among the dozen organizations increased. Contrary to initial fears, none of the firms closed. In fact, some of the companies survived the recession better than the community as a whole.

Many observers believe that the merger phenomena is a result of fear on the parts of self-contained specialists whose lines may be outmoded by new products emerging from progress in unsuspected places. As a consequence, these industrialists have been eager to diversify their output. They, therefore, acquire a number of dynamic branches whose specialties may present new opportunities for growth in one field when contraction becomes necessary in another. A center of technological industry, Rochester has been particularly alluring to such business executives.

This survey showed that nearly all of the plants involved in mergers had the satisfying experience of being given new products to manufacture. Some of the new projects were acquired from the parent company, others came from a broadened research base. At least one firm was able to take advantage of the new owner's national advertising program.

It is interesting to note that the decision to affiliate with a larger company in most cases was prompted by a desire to benefit from a national marketing program or the opportunity to share in an expanded research program.

Effects on Employment

When a home-town plant is sold to out-of-town owners, it is natural for employees to speculate on the possibilities of layoffs. The employment records of the 12 firms in the Rochester survey were examined in August 1958. Seven of the group showed fewer employees than before the merger. This decline was pretty much in line with the recession experience of other local firms.

On the other hand, employment gains among the other five more than compensated for the losses. On June 1, 1958, total employment for the 12 firms amounted to 14,972—a net gain of 1,756 jobs.

Some surprising information came from a study of Community Chest contributions. Corporate gifts, in general, showed a decline. This was perhaps due to the fact that the newer management personnel had not been in residence long enough to recognize the city's traditions. However, the decline in corporate contributions was offset by increased gifts of their employees. Some members of the study committee suggested that the employees were so pleased to retain jobs despite the recession that they were more charitably disposed toward less-fortunate members of the community.

Various institutions and agencies in Rochester have since taken steps to have the dynamic new management personnel become more closely associated with local traditions. When properly approached, Rochesterians have found the new management receptive to having their executives ally themselves with the city's boards and committees.

It is too early to gauge the impact of mergers on the local tax structure. New plant investments, if they come, should have a favorable influence.

This factor of managerial direction being located outside of Rochester has, in turn, caused a decline in requests for legal and insurance services. This loss in revenue from the 12 merged firms has been somewhat offset by the fact that some other strong Rochester firms have acquired affiliates in other cities. That type of expansion has aided local banks, attorneys, and insurance firms—merger results in reverse.

One of the unmeasurables in the merger picture is the influx of new management and technical personnel which most observers feel will give the community additional leadership in both business and charitable fields. The fact that outside interests have sought these mergers is a tribute to Rochester's former managers in developing specialized firms that offer attractive opportunities to expansive industrialists.

Available statistical evidence indicates an increased economic stability for the community. This is in direct contrast with the fears that absentee ownership would have an adverse effect on job security.

Action Taken

Now that Rochester has made this study, what are they doing about it?

For one thing, the Community Chest is acquainting the new management officials with local institutions and traditions. It feels that the new leadership will associate itself with community goals and problems, if properly approached.

The Chamber of Commerce is establishing liaison with the out-of-town owners of Rochester companies. It hopes to provide the new management with the opportunity of participating in civic and community undertakings in order that the absentee owners' stake in the city may flourish and grow.

Rochesterians have stopped speculating on the ill effects of mergers. The community knows there is another—and better—side to the coin. The hand of greeting is now extended to new management. END

ABOVE: Bustling activity along Main Street, Rochester, N. Y., suggests that business has not suffered due to mergers.

BELOW: This new plant was built one year after Graflex, Inc., became a subsidiary of General Precision Equipment Corporation.

Modern accounting machines add touch of incongruity to Gay Nineties decor of "country store" bank.

Shades of Gay Nineties: Atlanta's Country Store Bank

ATLANTA, GA.—A flashback to the Gay Nineties greeted Atlantans as the Citizens & Southern Bank of Atlanta opened a full-fledged "country store" bank on busy Peachtree Street.

From potbellied stove to cracker barrel to Keystone Cop, the rustic-looking bank was straight out of the Gay Nineties.

The official opening came as C&S directors—escorted by women bank employees dressed in Gibson Girl outfits—arrived in a group from a breakfast at the Capital City Club.

A Keystone Cop, in the person of C&S assistant vice president Bennett A. Brown, brought traffic to a halt with repeated blasts from his whistle.

Chugging through the rush-hour traffic came a 1900 vintage surrey car, with C&S vice president John F. Ingram, Jr., and assistant cashier Luther M. Ezell—officers of the "Country Store" Bank—clad in Gay Nineties attire complete to string ties and bright blue and orange vests.

Ingram and Ezell unloaded strong boxes containing money for the new bank and carried it to the door—all under the watchful eye of "Officer" Brown.

Mills B. Lane, president of the Citizens & Southern National Bank and himself sporting a plaid vest, cut a string of peanuts to open the bank to a steady stream of visitors.

Inside, the color and warmth of an oldtime "country store" were apparent on all sides. In one corner was the potbellied stove with a circle of chairs—a spot for friends to gather. Near the door, huge cracker and apple barrels were prominent with signs proclaiming, "Help Yourself!"

An old hatrack displayed a variety of gingham sunbonnets, and almanacs were stacked high on the teller counters. Near the old wall telephone, a pair of antique easels displayed the town news and special bargains at nearby stores.

A large swinging gate, moved from an old bank, set off a loud bell every time the key was turned to open the gate to the teller line.

An exhibit from the Georgia gold fields of the 1830's included a lease for 40 acres of land in the gold country, a set of scales for the gold dust, a pan for washing gold, a kerosene lantern, and a glass bottle containing gold dust.

Adding further to the "country store" atmosphere were an antique spinning wheel and a set of old cotton weighing scales.

After the brief outside opening ceremony—dutifully recorded by a Gay Nineties-clad photographer with tintype camera—Mr. Ingram and Mr. Ezell locked the bank's money away in a pre-1900 safe (acquired from an old South Georgia bank).

Seating himself at his old rolltop desk, Mr. Ingram gave this explanation of the high jinks on Peachtree Street:

"We opened the 'country store' bank as a temporary home for our Peachtree-Baker Office pending completion of the 22-story Electric Building. We wanted to give our temporary quarters as much warmth and color as possible—hence, the 'Country Store.'"

The permanent Peachtree-Baker Office will occupy 7,000 square feet of space on the ground floor of the Electric Building, now under construction at the corner of Peachtree and Baker Streets. END

ABOVE: Officers of Citizens & Southern Bank of Atlanta arrive for opening of the "country store" bank. Greeting them are a Keystone Cop and employees in Gibson Girl attire.

ABOVE: No Gay Nineties opening would be complete without the "official photograph"—a tintype, that is. President Mills B. Lane (center) poses with bank officers John F. Ingram Jr. (left), Luther M. Ezell (right), and other employees.

BELOW: Potbellied stove and cracker barrel in corner lend color and warmth of oldtime country store. Gingham sunbonnets hang from rack on wall.

BY *Marilyn French*
Contributing Editor

Beware of the Secretary

ONE night at dinner a businessman casually remarked that he had given his secretary a raise that day. When his wife heard this she promptly demanded an increase in her household allowance. The harried husband had to come across to keep peace in the family.

The rivalry extends in the other direction, too. More than one boss has seen his secretary—ordinarily cordial even to shoelace peddlers who wander in—freeze and frown when his wife descended on the office.

In the boss-wife-secretary triumvirate, the man is in the middle. Unless he is adept at diplomacy, he can't expect the two women who play a role in his life to get along well. On one hand he is handicapped by the never-ending string of cartoons and gags about a secretary sitting on the boss's lap all day. (So how many bosses have laps?) On the other, he may have to cope with a possessive secretary who feels that by working her fingers to the bone, she really is a greater factor in his success than his wife.

Most wives maintain a hands-off policy regarding their husbands' office work, and most secretaries make an effort to win the confidence of the boss's wife and, if possible, her friendship. Instances of notable success range from the boss's wife who invited his secretary to spend several vacations at their summer home and the many secretaries who invite the boss and his wife to Boss Night dinners given by chapters of The National Secretaries Association (International). At least one NSA chapter holds an annual luncheon for their bosses' wives.

Women are naturally competitive, according to some psychologists. And men, unless they're 90 years old and blind, instinctively appreciate femininity. Both sexes recognize these traits in the other. Men who like to live dangerously may pit one woman against another, but others handle this relationship with diplomacy. Many women, trained to be on guard since kindergarten, keep a wary eye on their spouses and the other eye on the field.

Wifely Jealousy

While a show of wifely jealousy is flattering, constant shadowboxing with a mate's lively imagination can induce battle fatigue. If you want to keep peace between your wife and your secretary, the following case histories may interest you. If you are a master diplomat, you still may want to check the ground rules offered against your own strategy.

A Scotsman who earned a reputation as a genius in heading an Eastern foundry was unwise in one respect. In the interest of economy, he insisted that his secretary take charge of his household checkbook and bills. He thought she was much more efficient than his wife. Naturally, his wife resented having to call his secretary to find out how much cash was in the till for home expenses. She left him. Evidently, his secretary figured that the pennypinching routine ruled him out as good matrimonial timber; he married another woman who formerly was secretary to a judge.

Another wife was displeased when her husband gave a longtime employee a wristwatch. Lots of workers receive watches for long service, but this one happened to be his secretary. The fact that the conscientious worker had gray hair and stenographer's spread did not brighten the dim view his wife took of the award.

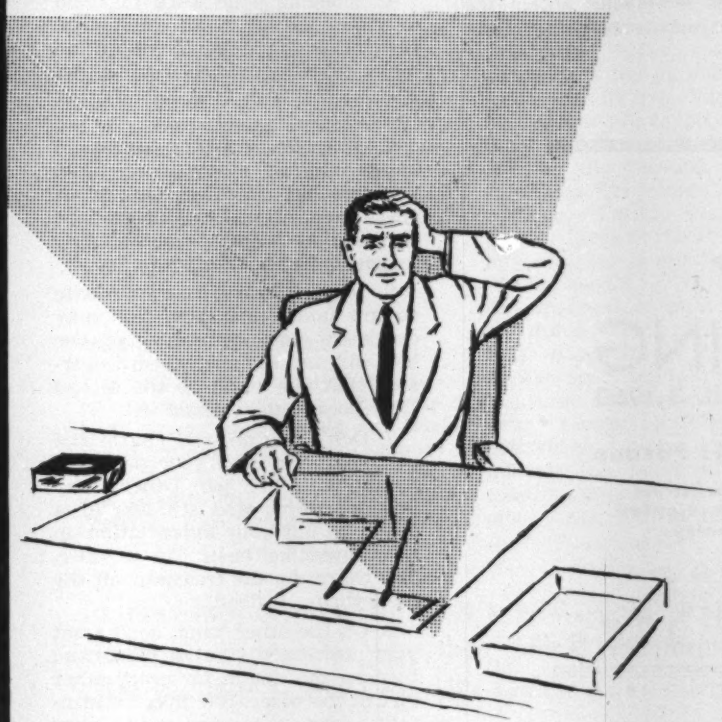
On the other side of the coin, some secretaries resent the boss's wife—especially if she is featherbrained like the one who wrote "Prue Oil Company" on her stock dividend list for years. "You'd think she'd know it was 'Pure Oil' after cashing its dividend checks for years," the secretary ranted.

One executive rued the step he took to help his wife and secretary get better acquainted. His wife was a jealous woman who would have been suspicious of Whistler's mother. She felt sure the secretary (who was wondering how early it would be decent to leave) was mentally rearranging and replacing the furniture as she would like it when she took over.

Wrong Puppy

Paradoxically, sometimes when a man is a gay dog, his wife suspects the wrong puppy. It's much easier and safer for him to find playmates who don't have to punch a timeclock or worry about the office grapevine. A secretary confided that her first mistake in business was a result of her being naive. She realized her boss was quite a ladies' man. He was out of the office when a TV store salesman called and asked where to send a set the boss had ordered. Assuming that it was a peace offering, the secretary told him to

- Boss - Wife Triangle!



deliver it to the boss's home. Her boss had a terrible time explaining to his wife why the store had sent an exact duplicate of the set they had. And a bewildered darling in another part of town wondered why she didn't receive the promised TV set on her birthday.

Caught in Hideaway

In another case, when an office emergency arose, a Midwestern switchboard operator with the instincts of a detective located the executive in his "secret" hideaway in Washington, D. C. Neither his wife nor his secretary knew he was hobbying instead of lobbying.

When a boss and secretary of character work closely together, proximity usually leads to mutual respect and admiration, rather than to anything more involved. But the boss is wise to keep his admiration of his efficient helper to himself. Here are the pitfalls to avoid at home:

1. Never brag about your secre-

tary to your wife. If you must refer to her, call her Miss What's-her-name. The fact that you can't remember her name will be most reassuring.

2. Never mention that Miss What's-her-name is absent, and you are lost without her. Your wife may offer to pinch-hit.

3. Never suggest, even if you just got a raise, "Dear, why don't you buy a fur-trimmed sweater? Miss What's-her-name wore one today, and she looked very nice." It'll cost you a fur coat to smooth over that one.

Austerity Program

4. Staggered by bills, don't ever hint, "It's a shame you can't run the house as efficiently as Miss What's-her-name runs my office." This may bring on an austerity program of frankfurters and beans 14 nights in a row.

5. Never mention that Miss What's-her-name subsists on cottage cheese and fruit and probably weighs less than 100 pounds soaking wet. This will result in (a) more frequent office visits by your wife or (b) paying for a course of reducing treatments.

6. When charge-account bills mount, restrain from chiding your wife, "Miss What's-her-name is always beautifully dressed, and she can't spend a fifth of what you do on clothes." A proper wardrobe for the required six weeks in Reno will cost a fortune, and housekeepers command more money and freer reign than secretaries.

7. Never comment on your secretary's sunny disposition. Her secretarial calm is a cultivated business asset, akin to the professional cheerfulness of nurses, and she can't afford the luxury of a tantrum. Any conversational opener like "She'd be calm if the building caught on fire" may start a conflagration at home.

8. If your secretary is a widow—grass or sod—never hum "The Merry Widow Waltz" at home. You'll have to face the music.

If you can't understand why your wife's feelings may be hurt by such remarks, put yourself in her shoes. How would you like to hear that "the laundryman has such rippling muscles—why don't you join a health club?" or "The milkman notices my appearance, even if you don't. He says I wear the cutest negligees on his whole route."

There's another side to winning the peace, too. The boss can save himself a lot of battle fatigue by watching his tongue in the office. While most secretaries accept the little courtesies shown by their bosses as mere politeness, an optimistic or possessive one may misread the slightest interest in her as a sign of utter fascination. The other precautions to take are:

1. Don't complain that your wife is extravagant. Your secretary may crack down on supplies to show how economical she is. You will be writing with pencil stubs, and tired artificial flowers will replace the monthly order of fresh flowers; your letters will be typed on such wornout ribbons that they are barely readable, important messages will go out on post cards.

2. Don't notice every new thing your secretary wears. Comment on a particularly good-looking dress once in a while, but don't overdo it. Never noticing what she wears—the other extreme—is equally dangerous. She may turn up in a black sequin job to make you notice her. And that will be the day your wife drops in because she's short of cash.

3. Don't ask your secretary to help you pick out a fur coat for your wife. She may (a) think you are being sly, (b) leave her lipstick in the pocket, or (c) ask for a raise.

Avoid Overtime

4. Schedule your work to avoid overtime, except in an emergency. If your secretary has to call off too many dates at the last minute, you will be the only man left for her to work on.

5. If your secretary seems to hang on your every word when you feel like chatting, don't let it go to your head. Be realistic—she figures that sitting there listening to you is better than working.

6. Never remark that your wife doesn't understand you. You may overhear your secretary, as one boss did, tell the switchboard operator that she could be the second Mrs. Boss if she wanted to.

7. Don't rely on your charm and personality to keep your secretary happy with her job. Others may misunderstand, and it's less of a strain to put your appreciation on a businesslike basis via a raise. Try charming the treasurer off the moneybags, instead.

8. On the other hand, don't treat your secretary like a robot and turn on the charm for every other girl in the office. She may accidentally send that perfumed letter that came in your morning mail to your home. END

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How 125 Companies Buy Office Equipment

BY *Edward M. Ryan*
Contributing Editor

MOST American companies have a general set of rules or policies to govern the purchase of office machines, furniture, and other equipment. This fact was the major finding uncovered in a recently completed survey conducted jointly by AMERICAN BUSINESS and Dartnell's Office Administration Service.

Such rules or policies were usually established to provide some measure of budgetary control, to program acquisitions according to life expectancy, and to establish standards and uniformity to apply throughout the whole organization. As one office executive put it, "We need a track for purchases to run on so we can be sure that they get to the desired place in the least-expensive way possible."

In developing this exchange of management views, experience, and policy, the editorial staffs of AMERICAN BUSINESS and the Office Administration Service enjoyed the cooperation of 125 companies, selected to make up a cross section of business firms of varying size, industry, type, and geographical location.

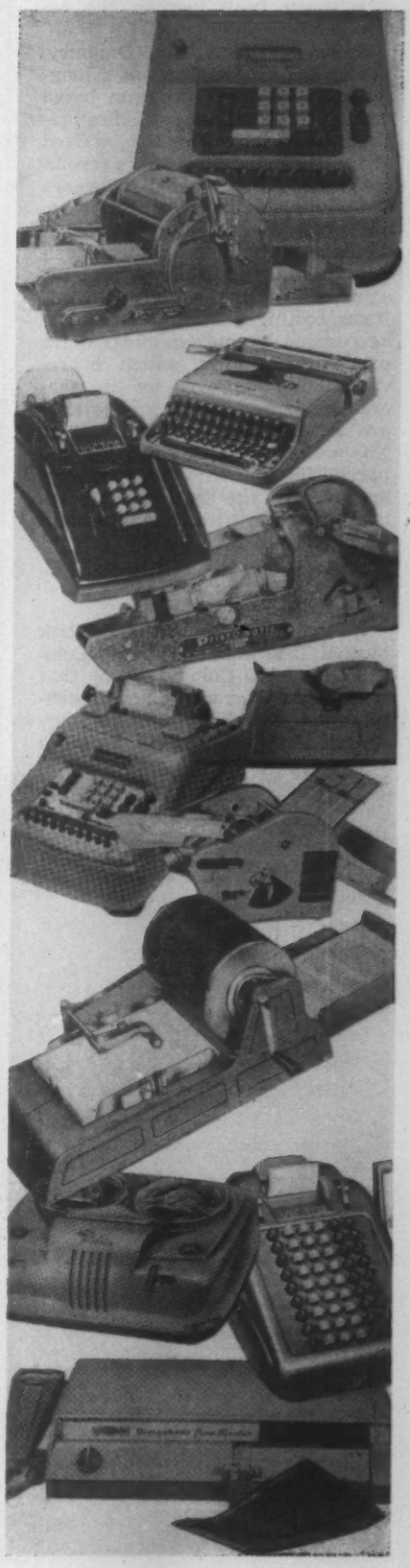
Insight Was Obtained

It was not the intent of the survey to do statistically valid sampling from which could be projected national averages of policies and practices. Sought and obtained was insight into what some progressive, well-managed companies think and do about capital expenditures for the office.

Executives of participating companies were mailed one of a set of five basic questions. This report consists of representative answers, condensed or abstracted from. It is organized in five sections, each prefaced by one of the questions and containing the condensations and excerpts.

Do you follow a definite policy or plan in the purchase of office furniture or equipment? Does this policy differ when the item in question costs less than $100, *or more than* $500, *or any other figure? Who, specifically, initiates the purchasing action; who approves it; and how is the purchase justified?*

While some companies do not actually label it a "policy" they do follow certain basic steps when purchasing office furniture—particularly if the purchase cost runs into three figures. The majority—80 percent—have procedures that *must* be followed. R. W. Flagg, answering the question affirmatively for Glass Containers Corporation, Antioch, Calif., explains, "The policy differs in the respect that no approval for a purchase of under $50 is needed. Over $50 requires the approval of authority for expenditure." He further explains that expenditures from $50 to $1,500 need the approval of the treasurer and executive vice president. Larger purchases require committee action. At Glass Containers, the purchasing action is usually initiated by the department head, and is then approved



To learn how some of America's most progressive and well-managed companies buy their office equipment, AMERICAN BUSINESS and Dartnell's Office Administration Service prepared this study. The accompanying article is a synthesis of replies to five basic questions.

by systems and procedures. The department head justifies the action.

Sperry Products, Inc., Danbury, Conn., has recently set up a long-range replacement program based on the life expectancy of office machines and equipment. It is arrived at by using manufacturer's recommendations and Internal Revenue's Bulletin "F" (excerpts shown below) plus the company's own experience with the machines. Business permitting, Sperry replaces equipment at the established time. Items costing $500 and over must be covered by an "application for expenditure" form which is reviewed and approved by the general manager. Items under $500 are covered by purchase orders. The office manager initiates the purchasing action; the controller approves it; the department head, in conjunction with the office manager, justifies it.

"No Definite Plan"

Robert I. Perry, Preferred Risk Mutual Insurance Company, Colorado Springs, Colo., reports that his concern does not follow "a definite plan or policy" in the purchase of office machinery and equipment other than to stabilize the type of equipment purchased so that furniture and machinery are interchangeable. This means that only one type of electric typewriter is purchased, only one type of adding machine, etc. Prime reason for this standardizing, according to Perry, is "to allow interchangeability in the event of a breakdown without retraining the individual involved." This policy is not affected by the price of the item to be purchased.

Purchasing action at Preferred Mutual is initiated by the service manager, the departmental manager requesting supplies of equipment and material as he thinks necessary. The approval of purchase also rests with the service manager and the only justification required is that in his consideration the equipment is really needed. The company has no written statements of policy but, because of rapid growth, the company spokesman visualizes such written policy will be forthcoming.

In San Francisco, the Bunker Hill Company's proposed capital expenditure budget is presented to management in the fall of each year. This includes the necessary funds for the purchase of the needed equipment with appropriate explanations as to why it is needed. If the budget is not approved, it is returned, screened, and revised—"usually downward"—according to a company spokesman. A capital expenditure budget for the entire company is finally approved by the board of directors.

A savings and loan association in Connecticut has no definite equipment replacement policy, other than trying to maintain a 10-year policy on typewriters, adding machines, and like equipment. When the need arises, action for replacement is initiated by the department that needs the equipment, approved by the managing officer, and the purchase is justified by what results in new purchase is expected to accomplish for the office. (Five factors usually taken into consideration when determining the need for equipment are outlined on the facing page.)

Branches Given Authority

In decentralized organizations such as Beatrice Foods Company, with general offices in Chicago, local managers have full authority to select and purchase materials, supplies, and equipment of all kinds for their offices. However, Carl Sutherland, of the firm's office systems department, told an AMERICAN BUSINESS editor, "There can be a question of the availability of funds." He explained that each plant manager must submit a written request, on a form designed for that purpose, for any item of purchase which becomes a capital expenditure in excess of $100. This request is reviewed by the office systems department before approval by higher authority, if the proposed purchase has to do with mechanical office equipment. Purpose of this policy is to head off acquiring equipment of poor performance records rather than to impose headquarters office choices on the plant managers. Sutherland reports that "most plants welcome our suggestions and follow our recommendations."

Summing up, most responding companies have a maximum range of purchase whereby the office manager or section head can proceed on his own authority. Of those companies reporting exact figures, 20 percent are set at $50, 45 percent at $100, and 25 percent at $200. Other reported figures range from $25 to $250.

Life Expectancy of Office Equipment

According to the U.S. Internal Revenue Service

Item	Years
Adding machines	10
Addressing and mailing machines	15
Billing machines	8
Binders, looseleaf	20
Bookkeeping machines	8
Cabinets and files	15
Calculators	10
Call and paging systems	14
Cases:	
Book	20
Display	20
Chairs:	
Bentwood	5
Heavy	16
Check perforators	10
Checkwriters	8
Clocks:	
Time	15
Time-stamping	10
Wall	20
Coolers, water	10
Desks	20
Dictation machines	6
Duplicating machines	10
Fans, electric	10
Folding and sealing machines	10
Lamps, desk and floor	10
Linoleum	8
Money machines	10
Numbering machines	10
Photographic machines	16
Pneumatic-tube systems	20
Racks and stands	15
Rugs, carpets, and mats	10
Safes and vaults	50
Scales, counter and mail	10
Settees	13
Shades, window	10
Tables	15
Typewriters	5

FIVE FACTORS TO CONSIDER WHEN DETERMINING THE NEED FOR AN OFFICE MACHINE

1. VOLUME OF WORK—Will the savings in clerical time, better service, or faster completion of the work justify the new machine?
2. ACCURACY REQUIREMENTS—What is the degree of accuracy required? Will the machine eliminate checking and rechecking steps through its features?
3. SPEED—A machine is often justified for work involving deadlines, rush jobs, and peak loads.
4. ROUTINE WORK—Some tasks are so monotonous that it is difficult to procure and keep employees at the job. Even where no savings are obtained, a machine may be justified for morale benefits.
5. REDUCED COSTS—A machine that will reduce clerical costs sufficiently to pay for itself in three years is usually considered a good investment. The clerical labor it releases, of course, should be utilized in other work before it can be credited as a saving through the use of the machine.

In the purchase or acquisition of major items of office machinery, furniture, or equipment, do you have a budget to guide you? If you do, how is this budget established? Who sets it up in the first place and who administers it?

Policy among responding companies is nearly equally divided between those having and not having a formal budget. Among those concerns that do not call their budgets "formal," however, nearly 85 percent spell out a policy, whether it be formal or informal.

Colors, Designs Standardized

For instance, E. D. Price, office manager, Indiana Farmers Mutual Insurance Company, says, "To provide some semblance of order we have standardized as far as various manufacturers are concerned and with respect to color and design. This is particularly true of the general working areas, but we have allowed a degree of latitude in the selection of furniture in private offices." He further explains that this company's growth over the past five years "has been so rapid that it has almost precluded any arbitrary budget allowance."

Another example of the lack of a "formal" budget comes from F. D. Eckert, representing The A. L. Duckwall Stores Company, Abilene, Kans., who explains:

"We do not use a formal budget with regard to our purchase of new or replacement office equipment for our general office operation. However, through the use of preventive maintenance on our office machines and proper care of office furniture we avoid many unexpected emergency replacements. Through the normal wear and tear on the office equipment we have time from year to year to evaluate our equipment and to estimate the number of useful years of efficient service that may be left in the equipment. This gives us quite a bit of flexibility in time for replacing the old equipment along with buying of new types of machines for modernizing our office operations.

"When a large amount is proposed to be spent for equipment for new operations or for replacement of old equipment, an analysis is made of costs and the benefits and disadvantages of the new equipment. This is presented to top executives for approval."

Purchases Made Yearly

Olin Mathieson Chemical Corporation, East Alton, Ill., operates on a budget. The practice there is to make purchases of office equipment against a budget set up for one year. This budget is predicated on a replacement program established 15 years ago. Olin Mathieson automatieally replaces manual and electric typewriters at 10 years, adding machines at 15 years, calculators at 10 years, etc. H. E. Johnson, office manager, reports that this program has been most helpful in budget preparation. The actual setting up and administering of the budget is assigned to the office manager.

Usual procedure among the companies operating under a budgetary plan is for responsible department heads, supervisors, or

managers to submit a list of requirements prior to the beginning of a new fiscal or calendar year. These lists are reviewed and finalized by the controller's department or an executive committee, and subsequently administered under a planned program.

Grey W. McFadyen, office manager, John Deere Company, Moline, Ill., explains that the annual budget, prepared in advance of the fiscal year, is made up in a two-fold manner. It includes items on which the company has a standard replacement schedule and it includes specific larger items that are replaced periodically or items of equipment that will be added to capital assets.

Deere's budgets are approved by the marketing division of the company and department heads are expected to function within it unless a specific request is made for changes. It is up to the management of each unit and the staff responsible for purchasing to administer the approved budget.

In the purchase of office furniture, what are the most important considerations in your decision to buy—appearance, durability, functional use, price, or some other? Have you been able to relate increased office efficiency and clerical productivity to the type of furniture you have purchased? If so, please comment on details.

Prime consideration in the purchase of office furniture is that it be functional for the type of work it is intended to do. That is the opinion of nearly 50 percent of the responding office executives. Next in order of importance is the appearance of the furniture—that it fit into the decor of the office or matches the style of other desks, chairs, etc. Price is the most important factor to 15 percent of respondents and none indicated durability to be the first factor in making the decision, although most managers feel that durability comes into the picture if the furniture is functional, good in appearance, and the price is right.

Procedure in procuring desks at Interstate Securities Company, Kansas City, Mo., has been to let the firm's needs be known to suppliers and let them present bids. Recently in procuring over 100 new desks, the company chose only suppliers who handled nationally known steel and wood furniture. J. T. Nestor, spokesman for Interstate, tells us, "In making a comparison of the lines offered, we find there is little difference as to durability or functional use, but the appearance varies from line to line. At present, it seems that many manufacturers are introducing lines that are very modern in design. We have found that the price is comparable on most lines and we are buying on the basis of functional use and appearance."

Wood-Steel Split

There exists a fairly even split between respondents in the matter of steel vs. wood furniture. The steel lines have a slight edge in popularity among participating executives. However, C. H. Price, office manager, American Society of Tool Engineers, defending the wood group, says: "Wood is more suitable in appearance in our office. The medium line of wood furniture is well made, durable, and also functional. And the price isn't too high. Our actual decision to purchase wood furniture has never been reduced to a statement of policy but is carried out nevertheless."

The supervisor of office systems and services of a large and well-known eastern manufacturing concern, requesting anonymity in his comments, reports: "Our division recently decided to equip its administrative and marketing offices with steel furniture. An evaluation was made, and selection determined on the basis of appearance, cost, durability, and vendor service." He explains that the company isn't bound to any specific make or model of furniture, "nor are we committed to a specific supplier."

On the subject of efficiency through better furnishings and equipment, W. R. Johnson, Mississippi Power & Light Company, Jackson, Miss., says, "Increased office efficiency and productivity are definitely tied to the type of equipment used. Consideration of the workflow, physical effort involved, ease and comfort in use, and the relationship to the job, without question increase both efficiency and productivity. I have also found that attractive surroundings and working conditions contribute to higher morale in employees, creating an interest and a better quality of work."

In the replacement of your standard business machines such as typewriters and adding machines, do you have an established schedule to guide you? If you do, how is it determined?

Few companies have an established schedule for replacing standard business machines. Even fewer have such a policy in written form. Typical "policy" is usually "we replace this type of equipment when frequent breakdowns occur or when obsolescence makes replacement desirable." Nationwide Insurance Companies, Columbus, Ohio, has a length of life expectancy chart covering most kinds of office machinery and equipment (AMERICAN BUSINESS, September 1959, p. 24).

Allan Hoffman of D'Arcy Ad-

Policy in Purchase of Office Furniture At Abbott Laboratories International Co.

All items of new or additional office equipment may be obtained by proper justification of need and approval by the vice president concerned if the requesting department is headed by a vice president or by the office manager. Purchase of items costing up to $500 can be approved by the vice president concerned or by the office manager. Items costing $501 to $10,000 must be approved by the president and general manager. The supervisor of any section may initiate the request for purchase of any additional or new office equipment or furniture. Upon receipt of the request and approval, the purchasing agent will make the purchase. Justification of purchase is the responsibility of the using section and will generally include a comment as to the need, expected time saved, and/or expected benefit.

vertising Agency's New York office explains a policy he suggested that was adopted by the agency two years ago:

"Each machine is carefully maintained by an outside service on a monthly basis—cleaned, lubricated, adjusted. All manually operated machines are completely overhauled three to four years after purchase depending, of course, upon amount of usage. After the sixth year, they are considered for trade-in and replacement. To avoid a large outlay of capital all at once, we found it economical to establish a policy of purchasing three new machines every other month with three overhauls being accomplished in the intervening months. The number of machines we own required a three-year program. In 1960 we shall, therefore, have replaced half of our machines and completely overhauled the other half. When that time arrives, the first machines will then be three years old; consequently, we will start anew.

"Electric machines, all being IBM's, are subject to seven-year scrutiny and possible overhauling, with subsequent replacement being considered after 10 years."

Hoffman explains that the D'Arcy program was carefully planned as a result of studying other existing programs, an equipment survey by vendors, research, and "our own observations."

Two Classes of Typists

Curt E. Wikstrom, controller, Thomas Y. Crowell Company, New York publishers, explains their office has two principal classes of typewriter users—those who use them frequently and "others who like to have a typewriter around for irregular typing of informal notes." For the first group, policy anticipates that a typewriter will have a normal life of five years with regular monthly servicing and minor part replacement. At the end of the five-year period the machines are replaced and either traded in for replacement or made available to the second group of typewriter users. The machines may then be overhauled if necessary. The five-year period was determined by use and experience.

American Chain & Cable Company, Inc., Bridgeport, Conn., though having no written policy, has also found through experience that manual typewriters should be replaced after service of five years. B. Stevens, office manager, reports that "electric typewriters are giving us approximately seven years."

Estimates on the life expectancy of manual typewriters range from three years to 15 years in the companies surveyed. Electric typewriters are given slightly longer life expectancies. Many concerns use the concept explained by J. W. Schutte, vice president, St. Louis Union Trust Company. He says, "Our policy is to use, as a starting basis, the estimated life of the machine as stated by the manufacturer. This is more or less established on an approximate eight-hour-per-day usage, whereas hourly usage per day is considerably less. When considering a replacement, these two factors are taken into consideration and, in most instances, we retain our equipment considerably longer than recommended by the manufacturer."

Do you plan to spend more in 1960 *than in* 1959, *less, or about the same—for office furniture and machinery? Can you estimate the kinds of equipment you contemplate purchasing this year and the amounts you expect to spend?*

Respondents were promised confidential handling of their replies to this question. Therefore, no names are shown below. However, each comment represents the actual statement given by the contributing executive.

Clothing manufacturer, New York—"We expect to spend less money in 1960 for the purchase of office furniture and machinery. These purchases will probably be for filing equipment, duplicating equipment, and dictating equipment. Roughly, the expenditures should total $5,000 at the most."

Trade association, New York—"We intend to spend approximately $4,000 more in 1960 than in 1959. About $2,500 will be appropriated for typewriters; $1,000 for executive desks and chairs; and another $2,700 for an adding machine, multilith machine, and miscellaneous equipment."

Ohio rubber company—"During the past year we had originally set up a budget for $13,000 but due to an increase in our office personnel we spent at least $10,000 more than we had planned. Our 1960 budget—for a multilith, desks, files, typewriters, adding machines, calculators, folding and inserting machine, and miscellaneous items—will be $17,350. If we continue to spend again this year as we did last year, I would hazard a guess that we'll probably be over by $10,000 again."

Midwest property management firm—"If we stay in our present quarters, we will spend approximately the same amount for office equipment in 1960 as we did in 1959. If a contemplated move takes place, we'll probably spend an additional $10,000 on new equipment—mostly desks, chairs, files, interoffice communication equipment."

New York State plastic manufacturer—"We plan to spend more in 1960 for office furniture and equipment. It will be in the form of desks, chairs, typewriters, and a new billing machine—approximately $8,500."

Midwest heating equipment manufacturer—"Our plans are the same for 1960 as last year. The amounts expended will be approximately between $10,000 and $15,000. The bulk of this will go for office machinery. With regard to company policy on such matters, we have attempted to stay ahead of our depreciation of office furniture and machinery by current additions and replacements."

Health insurance group (south)—"We plan to spend about the same for purchases in 1960 as the year before. However, we'll spend considerably more for rental of electronic computing equipment—all totaled, about $18,600."

65 Percent to Spend More

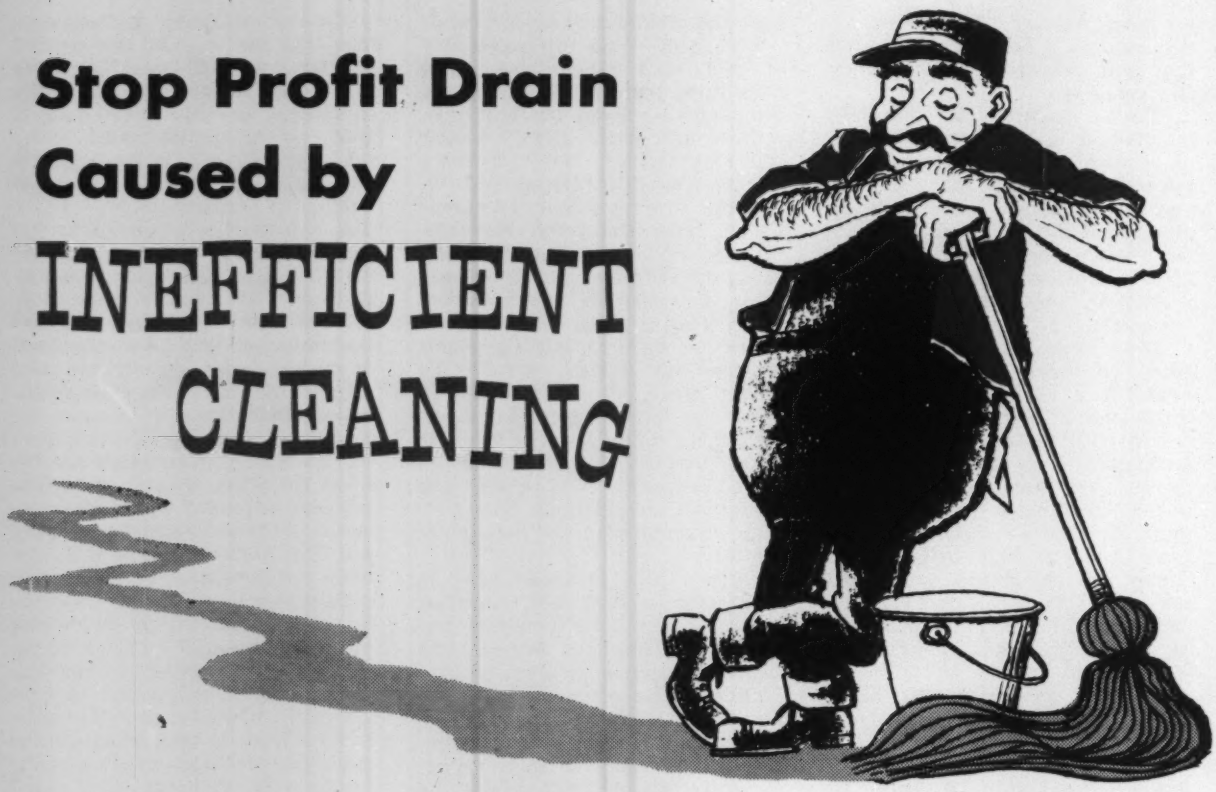
Eastern pharmaceutical firm—"During 1959 our staff increased about 10 percent. The forecast for 1960 calls for a similar increase. Since we have standardized our furniture and equipment we can closely approximate the cost. For example, it costs our company $740 to equip each new secretary with a desk, chair, lamp, and electric typewriter. The cost of outfitting a new executive amounts to $520—including desk, chair, lamp, and manual typewriter. We think we will spend about the same this year as last."

West Coast textile company—"We'll spend about the same amount this year as last. We think we will need five new typewriters, a photocopy machine, and some steel door cabinets."

North Carolina business college—"We purchased $3,400 worth of Royal standard typewriters last year. We do not contemplate such expenditures this year."

Summing up, Dartnell finds 65 percent of respondents expecting to spend more this year than last year. END

Stop Profit Drain Caused by INEFFICIENT CLEANING



BY *Mohe H. Solworth*
President
Industrial Sanitation Counselors

AMERICAN industry is spending $6 billion a year for building cleaning. Through the gross inefficiency of the typical company's cleaning program, at least $2 billion of this is wasted. During the last 40 years, cleaners' wages have risen sharply but cleaning productivity has remained static. (Janitors' wages in 1909 averaged 20 cents an hour; in 1959 they averaged $2 an hour and are still rising.) Recovering these wasted cleaning dollars can represent a major cost-control gain.

For cleaning operations such as those of Monsanto Chemical, Oscar Mayer, and Smith Kline & French Laboratories, the way to achieve standard cleaning productivity has been the Work Standards cleaning system designed by Industrial Sanitation Counselors. This and other standards systems function in every type of industry from distilleries and newspaper offices to chemical laboratories, mail-order houses, and hospitals. Standardization has enabled management to have cleaner buildings and to cut costs. Large companies have found they can save $25,000 to $250,000 annually by standardizing their cleaning operations.

Industrial productivity is measured by units produced and the quality of each. Cleaning productivity, by contrast, equals coverage times quality. In a non-standards cleaning program an operation achieving large per man coverage may have extremely low quality. Conversely, low-coverage operations may be achieving high quality. Since cleaning is largely a manual operation, both coverage and quality depend on the development of the man and the organization behind him. Neither can be automatically achieved. What a standards system does is to provide the man with the techniques, controls, and conditions necessary to achieve and sustain high productivity.

Costs Drop 50 Percent

At Monsanto Chemical in St. Louis and Spiegel in Chicago, per man coverage was very high before reorganization—something like 15,000 to 20,000 square feet in a workday. Management, however, was dissatisfied with quality. With their new standards programs, both coverage and quality have been increased. Nationwide Insurance in Columbus has become a showplace for high-quality cleanliness. Yet, square foot costs there are 50 percent lower than before the cleaning program was reorganized.

The standards and techniques for achieving such gains are applicable anywhere. In office buildings, for example, standards systems can accomplish daily cleaning rates of 25 to 30 minutes per thousand square feet instead of the usual 75 minutes per thousand square feet. In a 300,000-square-foot building this can mean a reduction of 30 men at the same time that quality is increased. At an average of $3,000 to $4,000 per man, costs could be reduced by more than $100,000 annually.

Such seemingly impossible gains are attainable because national cleaning productivity is still where it was in grandfather's day. Many cleaning jobs are overmanned by as much as 100 to 200 percent. In most industries in which productivity has increased by as much as 300 percent in the last 40 years, major cost reductions cannot be achieved without tremendous capital investment in research and equipment. In cleaning, on the other hand, the application of standards can accomplish not only

phenomenal savings but savings that can be realized immediately.

Management must be cautioned, however, that the approach to standard cleaning productivity is more complex than commonly realized. While the lack of standards paralyzes even the potential productivity of workers, standards alone are not enough to achieve and sustain productivity.

The main job after standards are set is to custom-build and sustain the organization on which cleaning standards depend. Cooperation between the cleaning and other departments must be established in addition to a redevelopment of the cleaning staff, incorporation of improved cleaning tools, scheduling and checking, and control systems. Engineering control of soil and maintenance programs, the personal neatness of employees, and the cooperation of department heads in assuring good habits of their subordinates all affect the cleaning workload and consequently affect cleaning productivity.

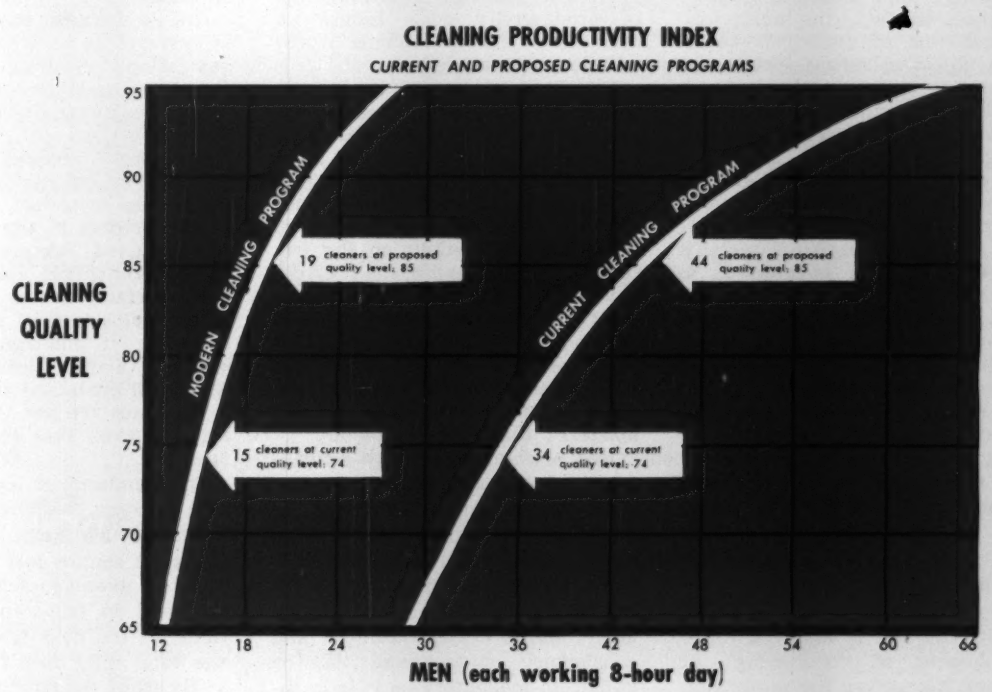
Management itself must play an active role in a standards organization. This participation can be well worth management's time not only through direct gains in the cleaning operation but also through the many side benefits that can be attained. American business spent more than $50 billion on construction and equipment in 1959 alone. Maintenance service is a major factor in protecting these huge investments. Poor cleaning methods can contribute to value decline.

Of the $6 billion spent each year by American industry for building cleaning, at least $2 billion is wasted, according to the author. The remedy for this huge profit leak is a standardized cleaning program such as the one described by Mr. Solworth in the article below. With management support, a cleaning program can not only cut overhead costs but can improve the quality and coverage of building cleaning.

Management Support Needed

Management support for the cleaning function will also contribute to total operating efficiency. Millions of dollars have been invested in better work surroundings because employees produce better in such surroundings. Much of the benefit of such an investment can be lost through substandard cleaning service. In addition, management can receive a public relations value from the clean plant.

One of the jobs for management is to protect its sanitation productivity not only by setting up a sound cleaning organization but by keeping the misfits out of it. Cleaning wages today may be bordering on other industrial wages but there is a vast difference in caliber between cleaning and industrial workers. Personnel departments send cast-offs and second-bests into cleaning almost as a matter of course. Purchasing agents may be unwittingly sabotaging cleaning productivity by buying cheap, inefficient products and tools. The



Management can use this chart in two ways to plan its cleaning program. First, by selecting the desired quality level, management can determine how many cleaners will be needed. Or, if the number of cleaners must remain constant, management can see what quality level can be attained through new methods.

best cleaning equipment and supplies require a relatively small investment and can result in substantial gains through increased productivity. Management must bring about the reorientation of policy and attitude.

Again, it is management that must keep a sensitive finger on program performance since normally only management is cost-conscious enough to want maximum productivity in every area. One good management tool for determining cleaning productivity is the productivity index formula (see accompanying chart). With this formula, cleaning productivity or the quality of cleaning coverage can be determined numerically. The productivity index also is an excellent tool for program planning. Once current productivity is determined numerically, a factor is then applied to establish man-hours at any quality level, either lower or higher than the current level. This shows management at what quality point investment and return is best achieved and where diminishing return sets in.

Effective Rating Systems

The productivity index is only one of many standard systems for measuring and evaluating performance. In fact, the numerical determination of quality is based on an objective rating system. In this system, 100 is perfection and specific point values are deducted for each defect in cleanliness and physical condition.

In effective cleaning programs, systems are used that permit comprehensive tie-ins of cleaning man-hours and quality. An especially interesting system is used in a large food plant operation. In this plant, production had been tied in with man-hours on a plus or minus variance basis. No such system, of course, had been applied to sanitation. After reorganization, a variance control system was developed for the sanitation department. With the system of fixed coverage and schedules, quality was measured against weekly man-hours and translated into dollars. Not only did this system permit accurate measurement of cleaning productivity but it also controlled the amount of "borrowing" of cleaning manpower for production that was formerly commonplace.

Once management is armed with standards and organization, the next requirement is staffing. One of the first things to be considered is that a program that attempts to achieve standard productivity must have a qualified supervisor. The caliber of cleaning supervision has generally been so low that most of these men were not capable of running a standards program. If the supervisor is a man who has come up from the ranks he may be able to master new cleaning methods but may not be able to master the management tools and controls he needs to get the new job done.

High productivity cleaning programs require an entirely new concept of supervision. The supervisor must not only be able to prove performance standards by his own dexterity and ability in performing jobs, but he must be able to train, to evaluate performance, to work with department heads, and to understand and adopt management goals. The average supervisor today has low quality concepts and low organizational abilities. In many cases he resists change, especially change based on controlled productivity standards. Often he is poorly paid. To operate a standards program, management normally will need higher-caliber supervision and normally it will cost more. The supervisor, however, is the key man in a standards operation. The day-to-day meeting of productivity goals hinges on him. Such a supervisor is worth additional money.

Cleaning-worker training cannot be achieved in a single session. To get the man to meet his standards he has to be reminded of them periodically. Formal training should be conducted before cleaners are put on new schedules. During his first night on the job, however, the cleaner may forget techniques, skip areas, or fail to meet his schedule times. In many cases, cleaners may not meet standards for several days; and even after weeks of being on the same job they may still have not mastered their job completely.

One of the reasons why a cleaning worker is relatively harder to train than an industrial worker is that cleaning depends much more on the man than does industry. When cleaning becomes automated, much of the needed memory, quality consciousness, and consistency of technique can be built into machinery as it is in industry. For the present, in cleaning, these qualities must be built into the man.

To achieve standard cleaning productivity, management should not overlook the importance of motivating the worker toward higher performance. Cleaning traditionally has been one of the lowest prestige occupations. By failing to apply some of the psychology of worker acceptance and stimulation to cleaning employees, another source of cleaning productivity has been lost.

One of the most important motivational tools for cleaning workers is management interest and support. Management's concern over cleaning productivity, participation in developing companywide cooperation in the cleaning effort, and recognition of the relative importance of the cleaning function will encourage workers to meet new standards of productivity.

Future Improvements Seen

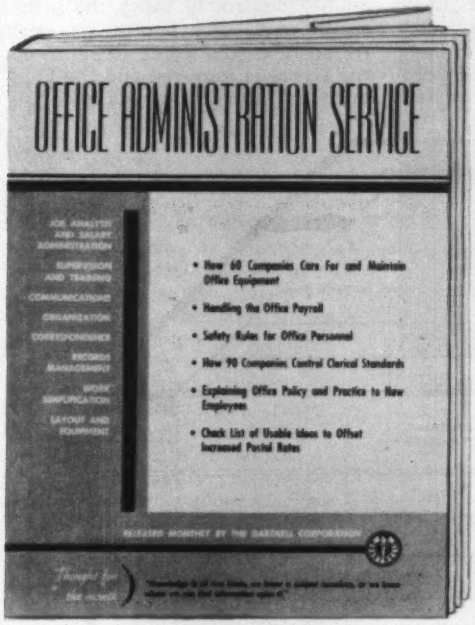
A standardized system must include research for better methods, tools, and techniques. More automated equipment, more efficient cleaning agents, and longer-wearing and lower maintenance floor finishes are among improvements generally needed. Ways to prevent soil from occurring through such preventive measures as better air-conditioning systems, still need to be found.

One of the most important areas of research is in architectural design. Major cleaning productivity gains can be made when management recognizes and adopts such basic principles of sanitation design as elimination of the horizontal, use of smooth surfaces and nonporous materials, containment of the product in the process, and provision of adequate facilities. Ornate, irregular, and difficult-to-clean surfaces can be eliminated in the initial stages of design or remodeling if management knows what to avoid. Furnishings flush with wall areas and recessed lighting fixtures are just two of the design features that make cleaning easier.

In standardized operations today, average cleaning rates of office areas are 25 to 30 minutes a thousand square feet as compared with an average of 75 minutes a thousand in non-standards operations. In the next few years average rates may drop to 15 minutes a thousand square feet through improved technology, better methods, better tools, better organizational control, and better architecture. END

Attention: Executives With Office Management Responsibilities

Here Are Practical Solutions To Every Office Problem You're Likely to Face This Year!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CLIP AND MAIL THIS COUPON—TODAY

Grumman's File System Stores 30,000 Blueprints

GRUMMAN Aircraft Engineering Corporation has substituted a visible blueprint control card for each of its more than 30,000 blueprints.

The blueprints, formerly kept on file in the inspection department, are now retained by the planning department's blueprint distribution center. When it needs a blueprint, the inspection department requests one through the use of an electronic transceiver writing unit. The blueprint is then forwarded through a pneumatic tube system.

The use of this system has enabled the inspection department to maintain up-to-the-minute changes on the blueprint control card and to furnish this information simultaneously to personnel requesting it. This visible card system occupies a space approximately one-tenth the area required for filing the blueprints.

The system, installed by Grumman on the plant floor of its quality control inspection department, has as its basis a visible card file created by the Vue-Fax Division of Logan Business Products, Inc., Westbury, N. Y.

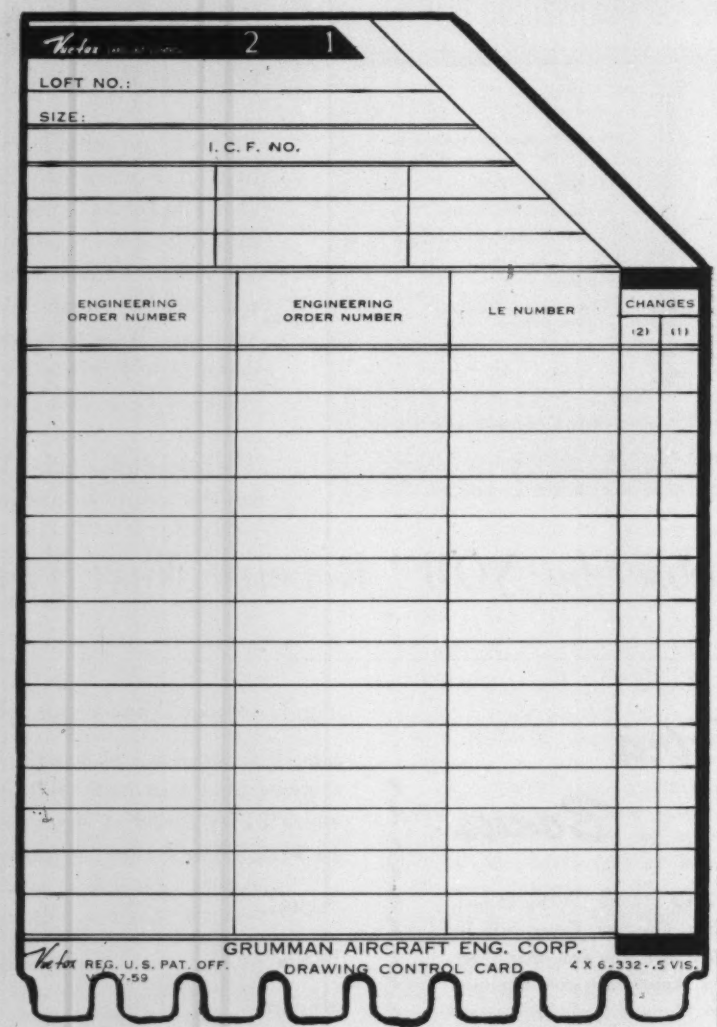
Communications Center

Under this system the inspection files are set up in a communications center on the plant floor. These files contain drawing control cards for every blueprint required by the inspection department (one of these cards is shown actual size at the right). Listed on each drawing control card are the number and identification of the corresponding blueprint, all engineering orders and numbers constituting changes on the blueprint, and other data necessary to inspection.

All cards are filed with the identifying blueprint number of each clearly visible in the special file. The file is set up so that the clerk can remove the card, post changes to it or transpose desired information, and return the card with a minimum of movement and error. More than 500 changes are posted daily on these cards, thus assuring that every blueprint control card has the latest information. The drawing control cards are never removed from the communication center.

When a blueprint is required by an inspector the file clerk first checks the corresponding blueprint control card to ascertain that it is not already held by the inspection department. If it is not, a formal request is made to the planning department via the electronic writer to forward the blueprint through the pneumatic tube. Actual trial time from request to receipt of a blueprint from "planning" is 47 seconds.

While awaiting receipt of the blueprint in the communication center, the clerk checks the correspondence control card in the Vue-Fax file for engineering order changes, liaison number, etc., which are furnished to those who request them. A red marker is placed on the corresponding control card to indicate that the print is in use and to prevent a duplicate request to planning for the same print. If a department other than quality control is using the print, a different color marker is used. As soon as the print is returned, the signal is removed and the blueprint is returned to the planning



A DRAWING CONTROL CARD (shown above actual size) is prepared for each of Grumman Aircraft Engineering Corporation's 30,000 blueprints. The result is centralized storage and immediate reference.

department via the pneumatic tube.

This new system has eliminated the need to store blueprints on the plant floor and has assured that before any blueprint is released for use it will be correctly annotated as to latest engineering changes. Thus, the system has not only centralized the storage of blueprints but has provided an up-to-the-minute card file for immediate reference. END

Age No Factor in Office

OLDER officeworkers are as productive as their younger counterparts," Secretary of Labor James P. Mitchell said in announcing the results of a new Labor Department study.

"This study is part of the Labor Department's continuing program of helping older workers retain or find jobs," he said. "It indicates, as do other studies conducted by the department, that employers are passing up some excellent workers with valuable experience if they place an arbitrary age limit on hiring. Our studies prove that older workers have lower rates of absenteeism and turnover, are more consistent in their performance, and frequently produce at a faster rate than younger workers."

Study Compares Performance

The new study compares the work performance of about 6,000 workers in various age groups on comparable office jobs. It shows that workers 45 years old and over produce, on the average, about as much work as those aged 25 to 45, and slightly more than workers under 25. Accuracy of performance was almost identical in each of the six age groups studied.

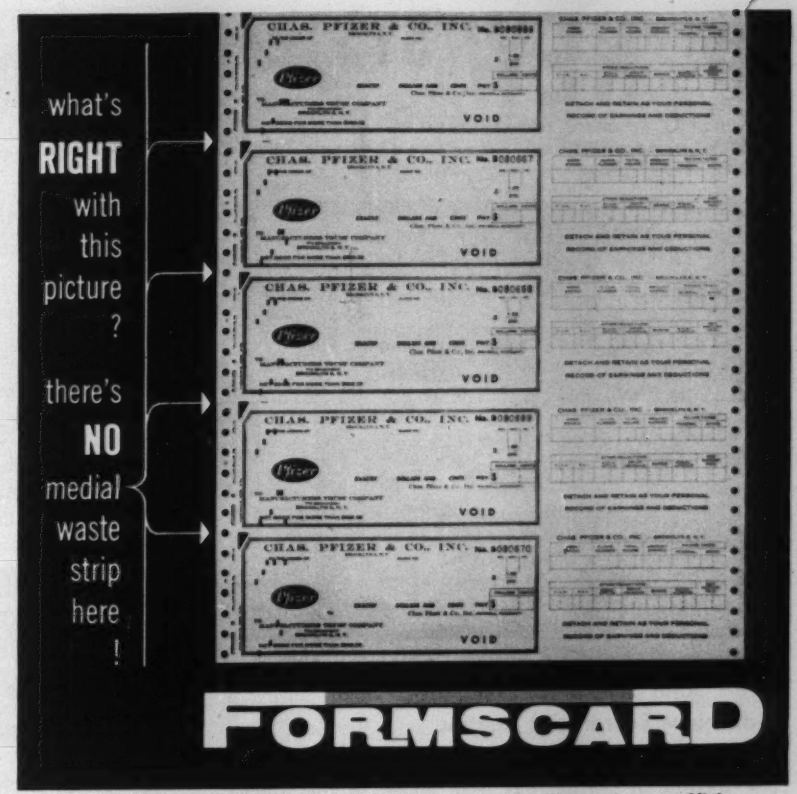
Secretary Mitchell said that the study brought out three important facts: first, there is only an insignificant difference in output per man-hour between office workers of different age groups; second, there is considerable variation in performance among workers within age groups so that large proportions of workers in the older age groups exceed the performance of the average workers in the younger groups; and third, older workers have a steadier rate of output, with considerably less variation from week to week than workers in the younger age groups.

Experience, he said, appeared to be the major factor in differences in the average performance among age groups. For example, average output per man-hour was about 7 percent less for officeworkers under 25 than for the next older groups, but was only 2 percent less when workers that had been employed on the job for nine months were compared.

Various Groups Studied

Comparisons for workers in smaller groups—time workers and incentive workers, higher and lower paid jobs, government and private employment, and selected occupations—showed no major differences in work performance that could be attributed to age.

The study covered officeworkers in 21 private companies and five government agencies that maintained production records for selected types of work. About half of the workers were paid under an incentive wage system. The output per man-hour of each worker was compared with the average production of workers 35-44 doing similar work under identical pay systems. END



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NEW SYSTEMS AND EQUIPMENT

Robert John L-Shaped Unit Adds New Secretarial Seating

New secretarial seating has been added to the Robert John L-shaped secretarial desk. The secretarial posture chair and the side chair feature rubber cushioning and rubber web springing. They are upholstered in a choice of fabric, plastic, or leather. Frames are finished in satin brass, satin chrome, or polished chrome. The unit also includes a typing table and a sit-down color-coded filing case (not shown). Robert John Company, 202 S. Hutchinson St., Philadelphia 7, Pa.

Compact Postage Meter Machine Has Wide Range of Stamp Values

A new, compact postage meter machine, the first desk model mailing machine to seal, stamp, and stack letters in one operation, is now available. One of the machine's principal advantages is its range of stamp values. The meter permits fingertip selection of any denomination of postage from ½ cent to $1.09½ in a single stamp. Designated the Model 5500, the machine is sold by Pitney-Bowes, Inc., Stamford, Conn.

Kodak's New Verifax Unit Copies Book, Magazine Pages

Copies of book and magazine pages now can be made by Kodak's Verifax copying method. The new Verifax Book Copying Unit, which can be used with any standard Verifax Copier, accommodates pages up to 8½ by 11 inches. An important feature of this unit is the vertical, wedge-shaped exposure section, into which the page to be copied can be inserted, facing a sheet of Verifax Matrix Paper. Eastman Kodak Company, Rochester 4, N. Y.

Ditto Masterfax Machine Cleans Up Master Typing Process

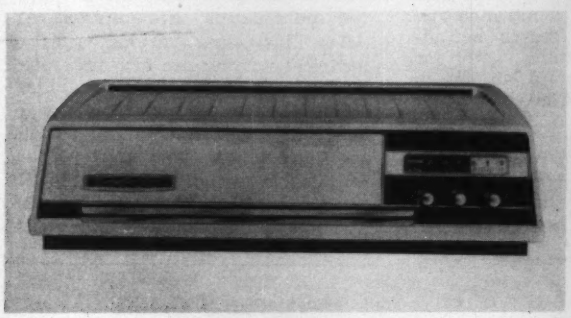
The newly developed Ditto Masterfax machine performs four important office functions: (1) It makes direct (spirit) process masters; (2) It makes offset masters; (3) It makes facsimile copies; and (4) It laminates. Masterfax cleans up the master typing process. No carbon is required during the typing or preparatory stage. Material to be duplicated is typed, written, or drawn on a clean white Masterfax sheet. Ditto, Inc., 6800 McCormick Rd., Chicago 45, Ill.

IBM Introduces 7080 EDP System

International Business Machines introduced the fully transistorized IBM 7080 data-processing system, most powerful computer yet designed specifically for business. In developing business information the new system can make 303,000 logical decisions a second. In an equal period of time it can electronically "read" or "write" 312,500 characters of information. At this rate, in about five minutes the 7080 can read in or write out information equivalent to the 19,530,000 words contained in Standard & Poor's six-volume Corporation Records. International Business Machines Corporation, Data Processing Division, 112 E. Post Rd., White Plains, N. Y.

New Forms-Feeding Device Used on Electric Typewriters

A new forms-feeding device for use on electric typewriters has been developed. The new lightweight attachment, the Flexible Formaliner, snaps on and off permanent plates mounted on either side of the typewriter carriage. The Formaliner permits the use of any electric typewriter to prepare continuous marginal punched forms. It is patterned after the regular accounting machine tractor. Moore Business Forms Inc., Niagara Falls, N. Y.



Cormac "500" Copying Device Requires No Solution Handling

The Cormac "500" copying device copies everything in one step and requires no solution handling. The new copier employs an exclusive separation mechanism which enables it to expose, develop, and separate original from copy to produce photo-accurate copies with less handling and no waste of materials. The complete operation takes 19 seconds. Cormac Photocopy Corporation, 80 Fifth Ave., New York 11, N. Y.

Dormeyer Air Purifier No Bigger Than Intercom

The new Dormeyer air purifier is no bigger than an office intercom. This new air purifier filters out smoke and odors electronically with a permanent duo-spun-nylon filter and dual ozone bulbs, to provide a continuous stream of fresh air. The new Dormeyer air purifier also filters out pollen, dust, and dirt. Germicidal ultraviolet rays kill germs and bacteria. Dormeyer Corporation, Kingsbury and Huron Sts., Chicago 10, Ill.

NEW BOOKS FOR EXECUTIVES

McMURRY'S MANAGEMENT CLINIC. *By Robert N. McMurry, in collaboration with Ruth G. Shaeffer and Lawrence E. de Neufville.* The authors designed this as "light reading for serious people." They succeeded. The book is not broken down into chapters embodying major subdivisions of a main thesis. It consists instead of 89 questions and answers dealing with business problems arising from people. These questions were asked of the authors by clients of The McMurry Company, a consulting firm, and by participants of its seminars and conferences.

The book of course reflects the McMurry point of view—some "common denominators" that he and his aides had developed in order to produce workable solutions to personnel problems. A review of the book ought to contain brief descriptions of these common denominators. But they are not susceptible to capsulization. Certainly one of the common denominators is a certain disenchantment over the contrast between what a man can do and what he will do. Another is that this will-do potential is measurable and highly important.

Some helpful comments are made about such things as house organs, psychological tests, job evaluation, employee opinion polling, and the wisdom of being frank about the gathering and use of power in a business organization. The need for painstaking and expert selection is frequently emphasized.

The organization of the book is episodic but it does not ramble. Increasing its usefulness the book contains an appendix, a topical outline broken down into 19 subjects, each of which is illuminated by a brief summary and references to applicable examples in the question-and-answer section. Not the least asset of the book is that it is well written with a nice sense of humor smiling through a somewhat dogmatic tone. *Simon and Schuster, 650 Fifth Ave., New York 20, N. Y. 207 pp.* $4.95.

C.F.J.

OFFICE BUILDING AND OFFICE LAYOUT PLANNING. *By Kenneth H. Ripnen.* The author of this study can offer what are probably the best qualifications for writing about office space: During the chaotic years of World War II he was in charge of all office space planning for the War Department. Within his domain lay the sprawling Pentagon, monument to today's phenomenal growth of the clerical work force and the need for office space to house it.

These qualifications would lead the reader to expect quite a superior product. Mr. Ripnen's book surpasses such expectations. It covers every aspect of office planning—beginning with the human element and ending with a description of the office of the future. Sandwiched in between is just about all the information needed to expand office space within an existing building, construct additions, move to new quarters, erect a new building, or merely better utilize existing space. The necessary facts, figures, prices, and specifications are presented understandably and in logical sequence.

Yet, the book is not as much concerned with the physical qualities of offices as it is with the humans who inhabit them. The building itself is called ". . . a symbol of the ultimate achievement of a machine age —a building which serves as administrative and planning center for a machine society—and a building in which machines themselves are relatively insignificant."

Logically following this description is Mr. Ripnen's warning: "Neither management nor designer can afford to forget that the office-worker is a human being and that every component part of his environment must not only stress his individual qualities but must also better enable him to realize his part in the organization as a whole and his contribution to that organization."

Today's accelerating growth in the need for clerical services places even greater demands on office space and office workers. One of the best guides to use in satisfying these demands is Mr. Ripnen's study. *McGraw-Hill Book Company, Inc., 330 W. 42nd St., New York 36, N. Y. 182 pp.* $10.00.

J.A.R.

A TECHNICAL WRITER'S HANDBOOK. *By Margaret Norgaard.* With the new technology has come the demand for a new craftsman—the technical writer. Such writers are in short supply—witness the help-wanted advertisements of aircraft, electronic, and other technological industries; and such events as the annual Institute in Technical and Industrial Communications at the Colorado State University.

Mrs. Norgaard, a former university instructor (Stanford and Minnesota), is now technical editor for the Remington Rand Division of Sperry-Rand Corporation. In the introduction to her book, Mrs. Norgaard explains that "technical writing is no special kind of writing" but rather the ability to deal competently and clearly with technical or scientific facts, whether for scientific, technical, or lay readers. Pointing out that, while "there is no one correct way to say anything . . . as there is one correct way to solve certain mathematical problems . . ." there are certain special considerations in the communication of technical information. Such subjects as logic, style, and interest factors, as well as the usual data on grammar and punctuation, are offered. Articles illustrating various types of technical writing are also presented.

The book should be a useful addition to the reference library of technicians who must write as well as of lay writers who must prepare technical material. *Harper & Brothers, 49 E. 33rd St., New York 16, N. Y. 241 pp.* $3.75.

L.L.L.

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YOURS FOR THE ASKING

The literature recommended below has been selected by the editors of AMERICAN BUSINESS for its usefulness to management executives. Requests for this material, which is free, should be sent directly to the companies listed. Prompt action is suggested; supplies of such material are usually exhausted within a few months.

GOOD LETTERWRITING principles are clarified in a 22-page booklet written by Sylvia E. Bowman, Ph.D., assistant professor of English at Indiana University. Entitled "Effective Letters," it is useful enough to be a reference book for many secretaries. North American Van Lines, Inc., Personnel Department, Fort Wayne, Ind.

* * *

"EQUITY AND LOAN CAPITAL for New and Expanding Small Business," another in the series by the W. E. Upjohn Institute for Employment Research, is now available. The 103-page softbound book contains useful information about the accessibility of credit and capital. Single copies are free from W. E. Upjohn Institute for Employment Research, 709 S. Westnedge Ave., Kalamazoo, Mich.

* * *

SPECIALIZED MOTION PICTURES about new products, advanced industrial processes, and cost-saving techniques are listed in a new revised edition of "Business & Professional Film Catalog." The 16mm. sound pictures are available on free loan. Modern Talking Picture Service, Inc., 3 E. 54th St., New York 22, New York.

* * *

EMPLOYEES NEED TO KNOW about your business and a new illustrated pamphlet can help. Entitled "For Better Understanding of Your Business by Your People," the publication gives valuable tips for establishing an effective employee relations program. Edwin Shields Hewitt and Associates, Libertyville, Ill.

* * *

HOW TO HIRE TYPISTS, a new leaflet now available, outlines the steps from recruiting to introduction to the job. It covers such points as marital status, salary, and job stability. Martin Publishing Company, 3144 Fifth Ave., San Diego 3, Calif.

* * *

THE HIGH RATE of work injuries among teenagers has become a matter of concern to the U. S. Labor Department which recently published the booklet, "We're Never Too Young to Learn Safety." Useful for reading racks, the illustrated booklet is available in limited quantities from Bureau of Labor Standards, U. S. Labor Department, Washington 25, D. C.

* * *

DESIGN No. 16, the latest in the series of publications regularly issued by Lippincott & Margulies, Inc., is devoted to a study of the current "revolution in the marketplace." Stressed in this issue are the role of the discount house and ways to meet this competition. Lippincott & Margulies, Inc., 430 Park Ave., New York 22, New York.

* * *

AN EXPERIMENTAL template kit, which consists of a ¼-inch scale grid sheet and two-dimensional templates, may be had for the asking. The templates also are on the ¼-inch scale and include an assortment of machine tools, materials-handling equipment, and office machines. Repro-Templets Inc., 614 Allegheny Blvd., Oakmont, Pa.

* * *

"WHO GETS HURT in industrial accidents?" is the question asked—and answered—in a new pamphlet published by the National Safety Council. The 16-page pamphlet uses a humorous approach, multicolored cartoons, and concise text to discuss on-the-job injuries. A single copy of "Who Gets Hurt?" may be obtained free from the National Safety Council, 425 N. Michigan Ave., Chicago 11, Illinois.

* * *

RECORD TRENDS are discussed in a leaflet of the same name that is now available. Written by T. R. Schellenberg, assistant archivist of the United States, the publication stresses survey techniques for old records. Also contained is information concerning the seminar on records management to be held in Chicago, March 28 to 29. Record Controls, Inc., 209 S. La Salle St., Chicago, Ill.

* * *

MICROFILMING techniques are outlined in the 20-page booklet, "Basic Microfilm Indexing and Filing Techniques," published by the Bruning Company. Although it is an operating guide for Bruning equipment, the booklet contains other helpful information. Charles Bruning Company, Inc., Mount Prospect, Ill.

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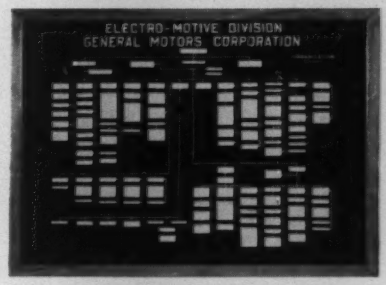

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BUSINESS ON THE MARCH

Growth and Growth

The heated political debate over economic growth will probably boil on until the campaign has ended.

Some of the conflict seems to stem from confusion or indifference as to what the growth consists of. True, total output grew faster from 1946 to 1952 than it did from 1953 to 1959. But if the output of military goods was taken away from both periods, it would be seen that growth in the 1953-1959 span was faster. Thus from the consumer's point of view, the latter period was the better one.

What good does it do to increase the rate of economic growth if nobody wants the extra output? Growth is not merely a matter of pouring out more and more goods and services. It pays to have someone at the end of the line willing and able to buy the stuff and use it up. Of course the excess could be stored in government bins, cribs, caves and ships and warehouses. But then where would Ezra Benson store all that corn and wheat?

Selling Service

We know a man who does a modest amount of business with a Chicago bank. On a recent cold and slushy day he needed some papers that the bank could release only if he signed a receipt. Busy and reluctant to brave the wind and weather, he called a vice president to find out if the documents could be released to a messenger with a letter of authorization.

"We'll see that you get your papers," the vice president assured him. Half an hour later the VP appeared at the office papers in hand. "I knew they were important and since I had to come over this way myself I brought them along."

Our friend is pretty sure that this explanation was a ruse to save him from the embarrassment of feeling that he had dragged the vice president of a bank out into the sloppy streets. He's doing more of his business there now.

Social Incompetence

According to Dr. William Menninger, the psychiatrist, 60 to 80 percent of all firings take place because the discharged employee lacks social competence. Technical incompetence is not the factor. This seems to be a reasonable figure.

Many large companies have medical and psychological services that disturbed employees can consult. Some even have full-time psychiatrists on their medical staffs. What is the smaller company to do? Dr. Menninger did not answer that question directly. He did recommend that the executive have "an uncommon sense point of view so that associates respect and believe in you." Understand the structure and function of personality, Dr. Menninger urges, and recognize the "... widely different methods each of us use to defend our psychological integrity . . . understand and stimulate the motivations of people."

Appreciated . . . But

The highly respected management consultant, John C. Harkness, A. T. Kearney & Company partner and occasional contributor to AMERICAN BUSINESS, made a talk last spring to the University of Chicago's annual seminar for smaller business. He said something then about executive compensation that is pertinent now, when many companies pass out the year-end bonus:

"These payments are appreciated, but in time they become considered a part of regular compensation, which has been delayed in payment until the year end. Such payments quickly lose their motivating value. If their amounts are reduced at any time, the recipients feel that such reduction has been due to poor business conditions, rather than to any lack of contribution on their part."

He recommends formal salary schedules and formal extra-compensation plans.

Speaker's Fee

An editor, well known in the trade for his relish for making speeches, was approached by the program chairman of a ladies' luncheon club. "What is your fee?" she inquired. "Usually $25," he replied. "But if I have to, I'll pay as much as $50."

Competitive Pricing

"How much are your eggs?" a housewife asked. "Sixty cents a dozen," the grocer answered. "Well," the woman snapped, "the store on the corner sells them for 45 cents." "Why don't you buy there?" asked he. "They're out of stock."

"Oh," responded the grocer, "we sell eggs for 45 cents a dozen, too, when we are out of stock."

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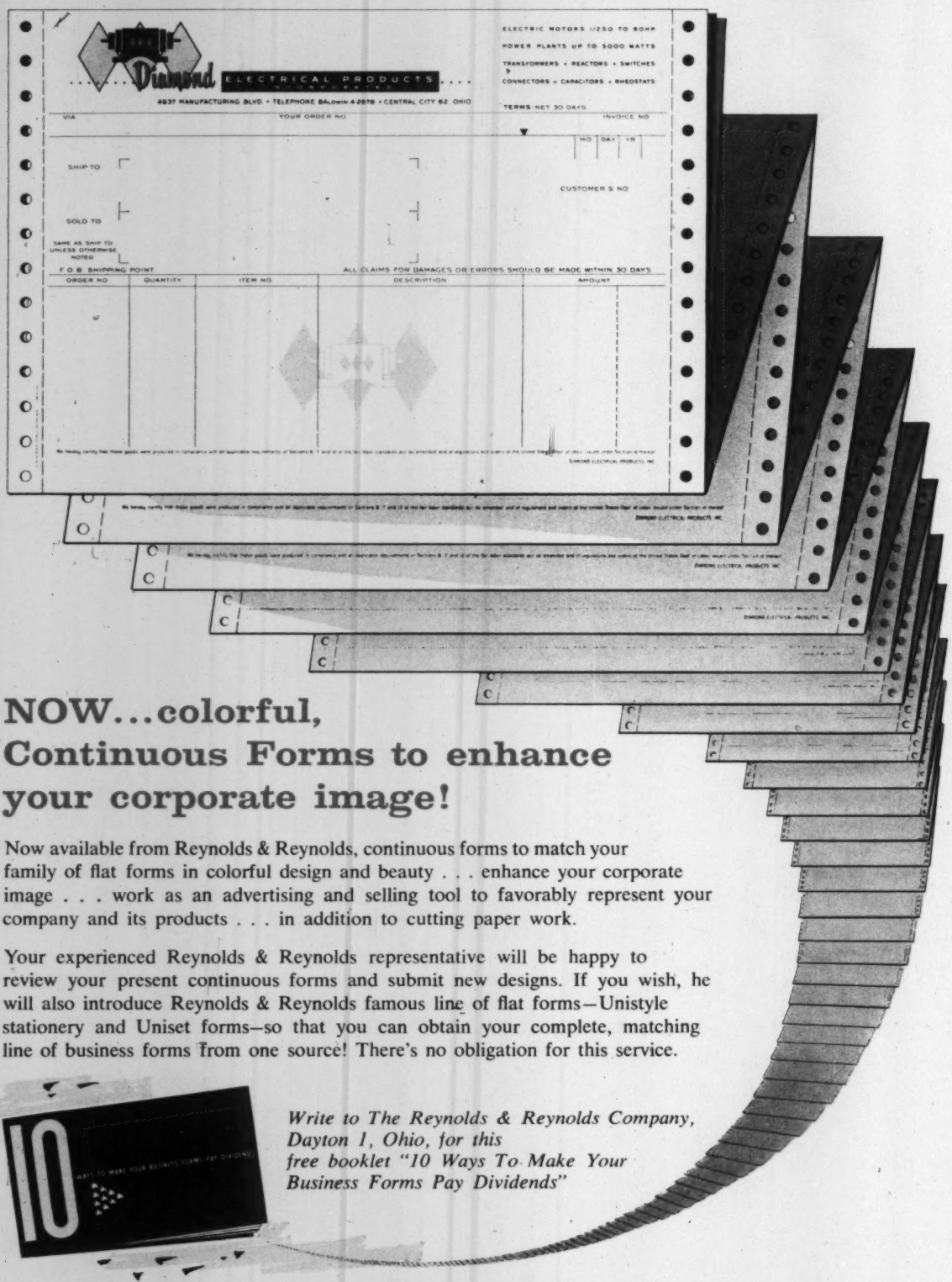

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